

Social Media and Crises

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DGM 730

Lecture 2

Understanding Types of Crises



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Introduction

Lecture outline

Understanding Types of Crises

- Conventional crises which now play-out differently
- What is a Crisis?
- Types of crises
- Crisis created by use of social media by customers, citizens or employees
- 'Own goals' triggered by organizations misuse of social media
- The importance of speed of response
- Conclusion
- Recommended References

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Conventional crises which now play-out differently



Lec. 2**Conventional crises which now play-out differently**

Crisis situations are sudden and unexpected events that hold with them a reputational threat for organizations. Communication has changed remarkably since the rapid growth of internet.

Internet has brought a completely new way of communicating especially after the expansion and growing popularity of social media platforms. These platforms offer for their users a chance to be more interactive, publish and consume content more freely.

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Conventional crises which now play-out differently

Whenever an organization is faced with a crisis, it is facing a major threat towards its operations. During a crisis an organization needs to find out the best way to communicate with the public to manage the situation. Nowadays this includes operating in social media platforms. Today's social media tools are bringing rapid change to organizational communication and public relations. These technologies have shifted the emphasis of internet services from being consumption-based towards becoming interactive and collaborative, creating new opportunities for interaction between organizations and publics.

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Conventional crises which now play-out differently

The social media platform has taken over the way we communicate, do business and form relationships. A good number of business organizations have pages on social networks as they advertise, sell and offer customer services using these platforms. The new online communication platforms make matters difficult in exceptional ways with respect to the kinds of information they avail for observers to make conclusions from impressions drawn. This has brought forth varied speculative and theoretical issues in academics, social, business and politics.

Social media can be defined as online applications, platforms and media which aim to facilitate interactions, collaborations and the sharing of content.

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Conventional crises which now play-out differently

Social media or social networking platforms are defined as “web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system.”

This definition explains that these platforms have the feature of interactivity amongst everyone in it. The users of these platforms are the ones who create and publish content and follow and comment on each other's actions. From the organization's point of view these are the platforms that have created them an opportunity to open discussion with the stakeholders and also collect data straight from them.

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What is a Crisis?



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What is a Crisis?

{ Crises have existed as long as civilization itself }

Crises are defined as sudden and unexpected events that will have a negative impact or a clear threat to organizations operations, image and core values.

Even though they are rather rare, when these occur, in the worst-case scenario these can lead to a major disturbance in operations.

Crisis Management is a process by which an organization deals with a disruptive and unexpected event that threatens to harm the organization or its stakeholders. The study of crisis management originated with large-scale industrial and environmental disasters in the 1980s. It is the most important process in public relations.

Lec. 2 What is a Crisis?

Crisis Management is indispensable in humanity because it is believed that no human being/ organisation can be good at everything. Organizations may be very good at something's and at the same time be a complete novice at something else. When faced with the same problem, different organizations have different ideas on how to solve that problem. It is for this reason that every organization should have a PR department that deals with crisis management.

Lec. 2 What is a Crisis?

Crisis management is literally managing the ongoing situation. Crisis situations can be divided into three stages which are pre-crisis stage, crisis and the post-crisis stage. For any crisis management the first and most important step is to save lives.

One of the challenges faces leaders is time—time to assess the situation, time to react, and time to repair.

Now, the age of the instant crisis has arrived. Companies, nonprofit organizations (NGOs), governments, and high-profile individuals often seem unable to cope. The ingredients include speed, pervasiveness, and huge numbers.

Example: Verizon adds a \$2 charge, and one-hour later 100,000 signatures appear on a X (formerly Twitter) petition (29 Dec. 2011).

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Types of Crises



Lec. 2 **Types of crises**

1) Natural Crisis:

- Disturbances in the environment and nature lead to natural crisis.
- Such events are generally beyond the control of human beings.
- Tornadoes, Earthquakes, Hurricanes, Landslides, Tsunamis, Flood, Drought all result in natural disaster.

2) Technological crisis:

- Technological crisis arises as a result of failure in technology. Problems in the overall systems lead to technological crisis.
- Breakdown of machine, corrupted software and so on give rise to technological crisis.

Lec. 2 Types of crises

3) Confrontation Crisis:

- Confrontation crises arise when employees fight amongst themselves. Individuals do not agree to each other and eventually depend on nonproductive acts like boycotts, strikes for indefinite periods and so on.
- In such a type of crisis, employees disobey superiors; give them ultimatums and force them to accept their demands.
- Internal disputes, ineffective communication and lack of coordination give rise to confrontation crisis.

4) Crisis of Malevolence:

- Organizations face crisis of malevolence when some notorious employees take the help of criminal activities and extreme steps to fulfill their demands.
- Acts like kidnapping company's officials, false rumors all lead to crisis of malevolence.

Lec. 2 Types of crises

5) Crisis of Organizational Misdeeds:

- Crises of organizational misdeeds arise when management takes certain decisions knowing the harmful consequences of the same towards the stakeholders and external parties.
- In such cases, superiors ignore the after effects of strategies and implement the same for quick results.

Crisis of organizational misdeeds can be classified into following three types:

Crisis of Skewed Management Values arises when management supports short term growth and ignores broader issues.

Crisis of Deception: Organizations face crisis of deception when management purposely tampers data and information. Management makes fake promises and wrong commitments to the customers. Communicating wrong information about the organization and products lead to crisis of deception.

Crisis of Management Misconduct: Organizations face crisis of management misconduct when management indulges in deliberate acts of illegality like accepting bribes, passing on confidential information and so on.

Lec. 2 **Types of crises**

6) Crisis due to Workplace Violence:

- Such a type of crisis arises when employees are indulged in violent acts such as beating employees, superiors in the office premises itself.

7) Crisis Due to Rumors:

- Spreading false rumors about the organization and brand lead to crisis. Employees must not spread anything which would tarnish the image of their organization.

8) Bankruptcy:

- A crisis also arises when organizations fail to pay its creditors and other parties.
- Lack of fund leads to crisis.

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Types of crises**9) Sudden Crisis:**

- As the name suggests, such situations arise all of a sudden and on an extremely short notice.
- Managers do not get warning signals and such a situation is in most cases beyond anyone's control.

10) Smoldering Crisis:

- Neglecting minor issues in the beginning lead to smoldering crisis later.
- Managers often can foresee crisis, but they should not ignore the same and wait for someone else to take action.
- Warn the employees immediately to avoid such a situation.

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Crisis created by use of social media



Lec. 2 Crisis created by use of social media

The power of online media means that today's crises emerge at lightning speed, and spread further and faster than ever before. Social media also imposes higher standards of transparency. Incidents which could previously be kept under wraps are now much more likely to become public knowledge (sometimes even before the organization itself is fully aware of them).

To put it simply, a crisis fueled by social media is not something you want to face unprepared. Social media poses internal and external risks, both of which could have a potentially devastating effect on your organization's reputation and bottom line.

Lec. 2 Crisis created by use of social media

You can no longer avoid these risks by not having a social media presence. Whether you're engaging or not, many of your stakeholders are on social media, including your employees, customers, competitors and, of course, the traditional media.

If you have been in your position for over five years, there is an 85% chance you have faced at least one major corporate reputation crisis.*

*Source: Oxford Metrica, Aon Reputation Review 2011

Lec. 2 Crisis created by use of social media

Your reputation is more important than ever

The asset value of corporate reputation has increased significantly over recent years, but so did the associated risks. Indeed, reputational risk was identified as the greatest risk facing global companies, even higher than regulatory, human capital, IT, market and credit risk.

63% of a company's market value
is attributable to reputation

'Safeguarding Reputation' research by Weber
Shandwick and KRC Research, 2007

66% of board members identify
reputational risk as their primary
concern when it comes to risk
management

EisnerAmper, May 2012

Lec. 2 Crisis created by use of social media

Regardless of what started it or how it started, a crisis will almost always find its way online. According to a 2011 report of the Federation of European Risk Management Associations, reputational risk from social media is cited as a material risk by 50% of risk managers and a bigger cause for concern than cyber attack.

So, how is a social media - fueled crisis different?

Lec. 2 Crisis created by use of social media

Increased Frequency

With social media, people are creating and sharing more information than ever before. As more information about the organization is created and shared in social media the frequency of reputational crises has also increased. The greater transparency provided by social media is another reason why the frequency of crises has increased.

Lec. 2 Crisis created by use of social media

Staggering Speed

Sharing information with your entire friend network and followers is only one click away. There are 2.85 billion active Facebook users, each of them having many friends. Equally, X (formerly Twitter) has incredible reach, with opinion formers and journalists over-represented amongst its users. A reputation-damaging scandal can spread in a matter of minutes.

Lec. 2 Crisis created by use of social media

Global Reach

What happens at a local level doesn't stay local anymore. A company's failure to provide proper work conditions in one isolated factory in China can become the talk of London and New York the next day (if not sooner).

Total Visibility

Investors, factory workers and all your stakeholders now have free access to information about your company, its suppliers and customers. And that information is no longer controlled by you: it is created by third parties.

Lec. 2 Crisis created by use of social media

Easy recollection of the crisis

They used to say that today's newspaper is tomorrow's fish and chip paper. Not any more. Long after the crisis has passed, a simple Google search for your Company's name will bring back all the articles and posts related to the controversial issues.

More Measurability

On the plus side, in the online space everything can be measured and scaled. You can more easily assess the dimensions of a crisis in order to deliver a proportionate response. It also helps with post-crisis review so that you can put plans in place to prevent similar events from occurring again.

Lec. 2 Crisis created by use of social media

More interaction

Social Media can facilitate instant dialogue with concerned stakeholders. Addressing concerns quickly, empathetically and directly can go a long way towards defusing a crisis situation and having a positive impact on how the company is viewed.

Lec. 2 Crisis created by use of social media

When the crisis is triggered by events happening off-line

A crisis is often triggered by unforeseen events happening off-line. These events may concern a specific department or business unit, one of its suppliers: a work-related accident can start an enquiry on the work conditions provided by the organization; rude treatment of a customer can cause a sudden burst of accumulated dissatisfaction with the company. Regardless of the cause, once the issue is picked up in social media, it will be amplified thousands of times.

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Crisis created by use of social media

United Airlines broke songwriter Dave Carrol's guitar in checked luggage. After being denied compensation, he created a YouTube video about the incident. Four days later, "United Breaks Guitars" had been watched by one million people. This video was the trigger for an outpouring of complaints from other angry customers of United Airlines, who shared, retweeted and reposted the video until more than 150 million people became familiar with the story. As a result, United Airlines' stock went down 10% - \$180 million.

Lec. 2 Crisis created by use of social media

! social media has created a completely new environment for reputation management. Updating your reputational risk assessment is essential if you are to be fully prepared for the new risk landscape. Simply put, social media makes crises both more likely and potentially more damaging.

! By conducting regular reputational risk assessments companies become aware of the problem areas that could escalate into a crisis. Monitoring the social web for mentions of keywords related to these risks and setting up alerts when conversations around these topics increase can be a way to catch and address issues before they escalate into a full-blown crisis.

Lec. 2 Crisis created by use of social media

When the crisis is 'purely social'

Social Media and the new mobile technologies have created a whole new class of reputational crises. No off-line event triggers these incidents; they arise in the online space, often because of the organization's own actions on social media. As you will see below, 'purely social' incidents can be as dangerous to the company's reputation as those triggered by offline events.

Internal causes

Your employees can be your organization's worst enemy. Many reputational crises are triggered by employees' actions on social media, either on the company's accounts or on their personal profiles.

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Careless posting on the organization's accounts

When an employee creates and manages the organization's social media account from their own personal account, mixing up messages can happen quite easily. There are many instances of accidental or inappropriate posting, which have caused great embarrassment and significant damage to an organization's reputation.

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Crisis created by use of social media

In February, someone at Chrysler's social media agency tweeted from Chrysler's official Twitter account saying that no one can drive in Detroit, Chrysler's home city. Consequences? The employee lost his job, the agency got fired and Chrysler had to issue official apologies.



Boners BBQ

Dear, Stephanie S. - We are truly sorry, it was a bonehead move on our part. But more importantly - it was rude to you and an inappropriate use of social media, which has been a driving force for our business because we can't afford traditional advertising. We rely on word-of-mouth. Your experience was yours to share and not mine to abuse. Boners BBQ is my passion and my life. Please give me the opportunity to serve you again at our expense- if not please allow me to fully refund your money on me, Sincerely, Andrew Capron."

Like · Comment · Share · 2 hours ago · 🌐

👍 24 people like this.

💬 View all 55 comments

📄 1 share

Write a comment...

In January 2012, Boners BBQ posted on their Facebook page a picture of a customer who left a poor tip, and made abusive remarks about her. The post went viral in a couple of hours. It took Boners 16 hours to issue a public apology on their Facebook.

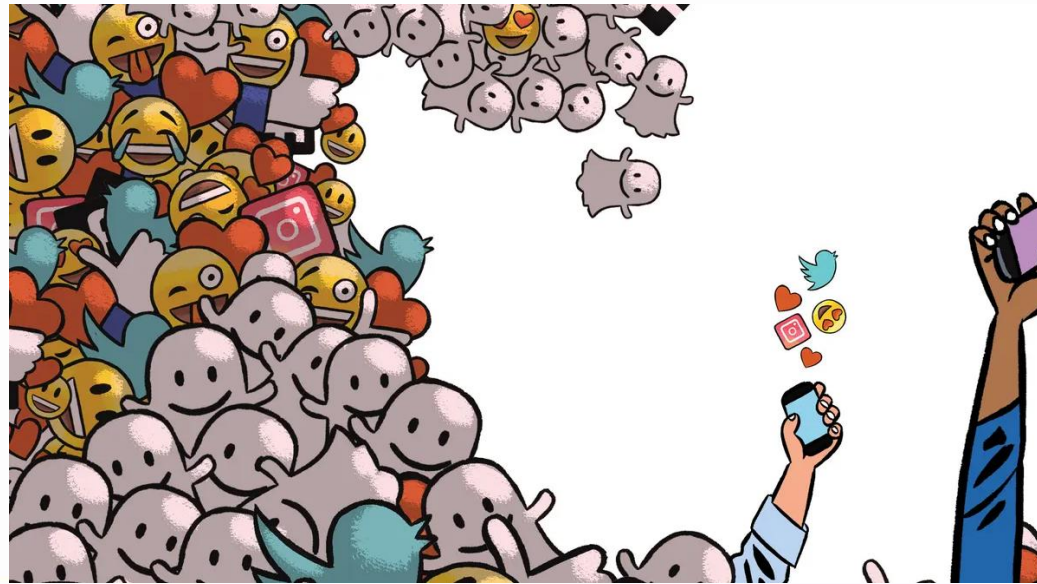
Lec. 2 Crisis created by use of social media



Password and login details are often shared between multiple employees in order for them to access the company's social media accounts. If an inappropriate post goes out, tracing who is responsible can be almost impossible, especially if a large team is manning the social media accounts of the company and multiple marketing agencies have username and password access.

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'Own goals' triggered by organizations misuse of social media



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Misuse of social media

Social Media Misuse means social media use that is unauthorized, that threatens, humiliates, harasses, or intimidates school-related individuals, disrupts the educational process, and/or violates local, state, or federal law.

Some misuses that are associated with the social media are:

- Defamation

- False and unreliable information

- Cyberbullying

- Loss of Privacy

- Fraud

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Misuse of social media**Social Media Etiquette**

Take a break before you post: If you are angry about something don't jump straight on social media and tell the whole world about it. Take some time to cool down and consider if it's even worth posting.

Consider the rules of the platform: Before posting anything understand the rules of the social media platform and ensure your posts conform to the accepted guidelines.

Keep it professional: Don't make disparaging comments that could bring a person or an entity into disrepute. You can still be conversational and personal with your posts but make sure they are appropriate.

Show respect: If you treat other users of social media with respect you will be treated with respect in return. Social media is a communication tool to allow you to share discussions with people all over the world.

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The importance of speed of response



Lec. 2 The importance of speed of response

In **Reputation Management**, John Doorley and Helio Fred Garcia outline the broad characteristics of social media. They emphasize authenticity, transparency, decentralization of authority, speed, and collaboration as primary characteristics.

With the proper approach, these characteristics can be beneficial conduits for immediate reach and accessibility to stakeholders. However, in a crisis, they can be an asset or a liability.

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The importance of speed of response

“Speed is a defining element of social media and a characteristic that presents challenges for organizations in reputation management. The pace at which information is shared and propagated in social media is faster and broader than older forms of communication.”

Social trend means people use technologies to get the things they need from each other, rather than from traditional institutions like corporations.

(Definition by The Groundswell Co. <https://groundswell.io/>)

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The importance of speed of response

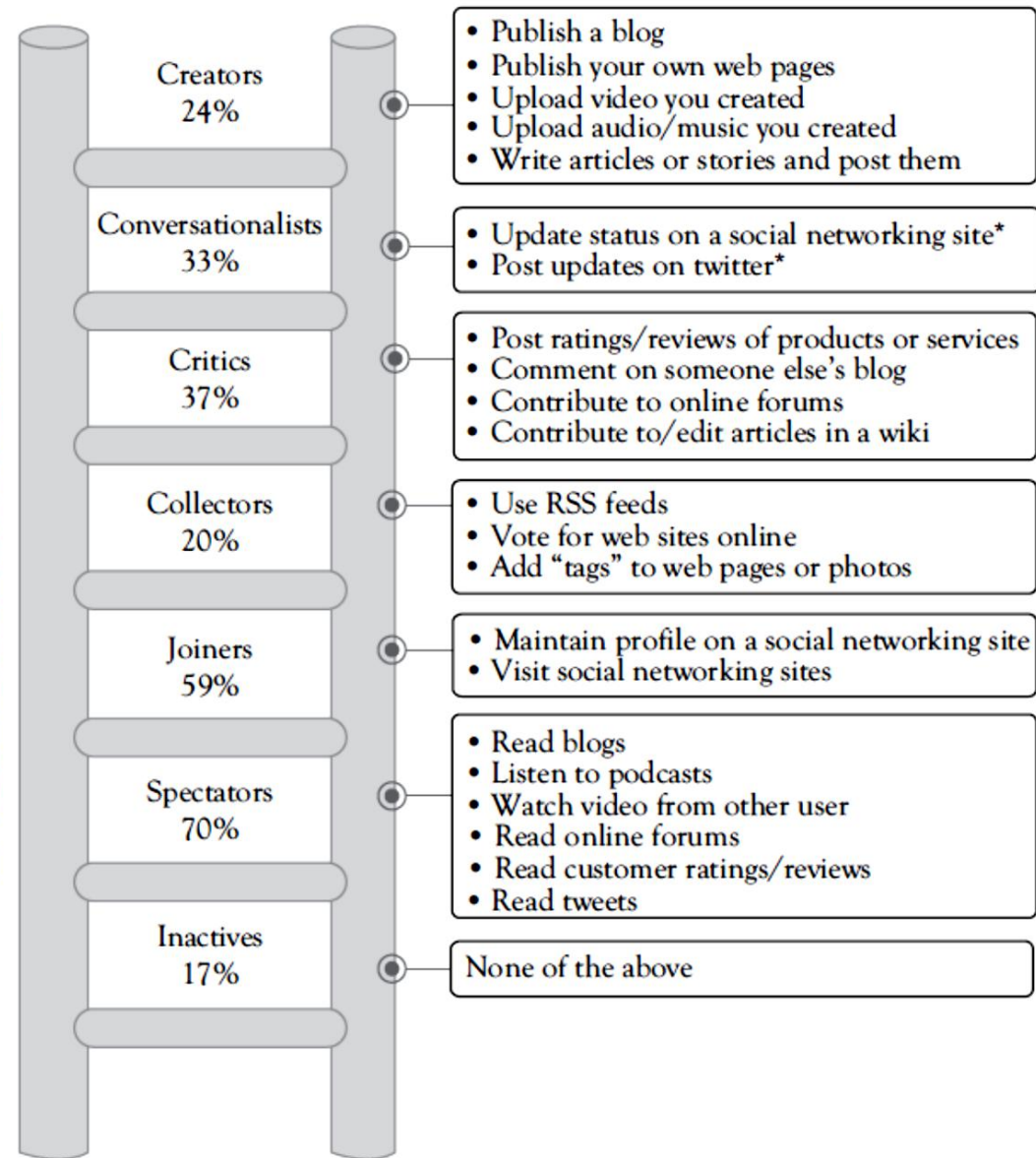
Li and Bernoff craft their argument in relation to online user profiles as demonstrated in the Figure. The majority of users (70%) are listed as “spectators”—meaning they use social media sites as a viable source of information. “Spectators” solicit the opinions of their friends via Facebook prior to making a purchase rather than consulting a company’s site.

This suggests that public relations and communication professionals need to monitor and embrace the company to guide conversations, behaviors, and potentially gain some advantage in the social media territory.

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The importance of speed of response

Groups include consumers participating in at least one of the indicated activities at least monthly.



Base: US online adults

Source: North American Technographics* Empowerment Online Survey, Q4 2009 (US)

*Conversationalists participate in at least one of the indicated activities at least weekly.

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Conclusion

Lecture Topic

Understanding Types of Crises

- Conventional crises which now play-out differently
- What is a Crisis?
- Types of crises
- Crisis created by use of social media by customers, citizens or employees
- 'Own goals' triggered by organizations misuse of social media
- The importance of speed of response

Lec. 2 Recommended References

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Thank You