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Crisis Communication Analysis Paper

COML 512

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COML 512

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May 11, 2018

Introduction

United Airlines Flight 3411, Chicago O'Hare Airport – April 9, 2017

On a Sunday evening a little over a year ago, dozens of tired travelers packed United Express Flight 3411, headed to Louisville, KY from Chicago. The flight was completely sold out but four United employees needed to be on the flight so they could work their shifts in Louisville the next morning. Something had to give. \$800 and a free night's lodging was offered to entice passengers to give up their seats, but with the next flight to Louisville not departing until the next afternoon, no one agreed to the offer.

At that point, well within their rights, United employees selected four people to give their seats. The first three left the plane without incident, but Dr. David Dao did not voluntarily give up his seat, claiming that he had to be in Louisville in order to see patients the next morning. Words were exchanged, security was called, and the incident escalated into Dr. Dao being forcibly removed from the plane, cutting his mouth and chipping several teeth in the process. Several other passengers captured cellphone video of the encounter, which went viral within hours (Stevens & Victor, 2017).

A United spokesman said in an initial response that security was called because, after being politely asked several times, Dr. Dao refused to leave the aircraft. This response did not address the stressful and escalated nature of the incident. United Airlines CEO Oscar Munoz issued a short statement the next day, apologizing for having to “re-accommodate these customers (Munoz, 2017).” He mentioned that United had reached out to Dr. Dao to talk with him directly and resolve the situation. Notably, Mr. Munoz did not apologize directly to Dr. Dao or the other customers in his first statement. He also did not immediately express any of the “4Rs” that companies should say when a crisis strikes

(Caywood, 2012): Regret, Resolution, Reform, and Restitution. Within days United had a major PR crisis on its hands.

Downtown Philadelphia Starbucks – April 12, 2018

Last month, two African-American men in their mid-20s arrived at a Starbucks in downtown Philadelphia for a business meeting. They decided to wait for the third person they were meeting before ordering. One of the men asked to use the restroom but was refused because he had not purchased anything. At that point, only a few minutes after arriving, they were asked to leave the store. When they declined, a store manager called the police (Stevens, 2018).

Six police officers arrived within minutes and asked the men to leave. Cellphone video taken by other customers clearly shows the two men being arrested by the police officers and escorted out of the Starbucks in handcuffs. The third man pleaded for them to be released but the officers refused. The men were taken to the police station where they were detained for several hours on suspicion of trespassing. Later that night they were released without any charges filed against them (Stevens, 2018).

Social media quickly erupted with outrage over the treatment of the two black men. Boycotts of Starbucks were proposed almost immediately and protesters filled the location the day after the incident, demanding Starbucks take action to, among other things, fire the store manager who called the police and apologize for the treatment of the two men. Starbucks posted a message on Twitter two days after the incident becoming viral that fulfilled the 4Rs (Caywood, 2012) by apologizing to the two individuals and its customers (regret), saying that the company takes these matters seriously and can improve how it handles incidents in its stores (resolution), and reviewing policies and continuing to engage with the community and police department to ensure these types of situations never

happen again (reform). A few days later Starbucks executives, including CEO Kevin Johnson, met twice in person with the two men in an effort to agree to a settlement (restitution) for the incident.

Company Role and Priorities

United

United Airline's priority is to fly as many people safely to their destinations as possible. The company plays an important role in the air travel industry; it operates about 4,600 flights per day and served more than 148 million customers in 2017 alone (United, 2018). Serving so many customers inevitably leads to some stressful encounters and communication errors.

The priority of the company should be to serve the flying public, but in this case their priorities seemed to shift to company employees by requiring four individuals to get off the plane to accommodate United employees. The employees could have flown a different airline to Louisville or a local crew could have handled the next morning's flights. There were other ways to handle the incident besides removing paying customers, but the corporate reaction compounded the resulting PR crisis.

Starbucks

Starbucks sees itself as more than a coffee retailer; its locations are meant to be a "third place" between home and work, designed as a community center and place to meet and congregate for any reason. One of Starbucks' four values is "creating a culture of warmth and belonging, where everyone is welcome (Starbucks, 2018)." Starbucks' mission statement is "to inspire and nurture the human spirit – one person, one cup and one neighborhood at a time (Starbucks, 2018)."

Clearly, Starbucks' mission and values conflict with a store manager calling the police on two men waiting for their business associate to arrive. That is why Starbucks' executives took this incident very seriously and went out of their way to immediately express contrition. Starbucks has always had corporate values aligned with inclusiveness and community, and the way it handled this PR crisis showed its desire to make things right by firing the store manager who called the police and even closing all its 8,000-plus U.S. stores for an afternoon so its 175,000 employees can participate in racial-bias training (Abrams, 2018).

Stakeholders

United

United Airlines has many stakeholders, but in this particular case the stakeholders would include its customers, employees, and the people on flight 3411. It was important for United to express contrition and apologize for the incident because its corporate reputation is important to both the bottom line and the confidence of the flying public. Mr. Munoz's initial public statement was disappointing in that regard because he did not apologize directly to Dr. Dao. Any United customer could imagine being in a similar situation as Dr. Dao and immediately lost confidence that United would prioritize them over their own employees and company bottom line.

Starbucks

Starbucks has millions of stakeholders. Its 175,000 employees are all direct stakeholders and were deeply affected by the incident in Philadelphia. Its millions of customers are stakeholders, many of whom choose to patronize Starbucks precisely because of its inclusive mission and values. The incident jeopardized the company's relationship with those stakeholders. Starbucks' vendors, suppliers, and franchise

operators throughout the world are also stakeholders and are affected by its corporate reputation.

Goals

United

After the incident involving Dr. Dao, United likely had the goals of apologizing for the encounter and taking steps to ensure that a similar situation never happens again. This would require changes in policy implemented over several months. In the near term, damage control was the most important goal, and, by not apologizing directly to Dr. Dao in the first public statement and apologizing for “having to re-accommodate these customers (Munoz, 2017),” they failed to adequately manage the fallout during the immediate aftermath of the incident.

Starbucks

Starbucks’ communication goals in the aftermath of the incident in Philadelphia likely centered around contrition and working to ensure that such an incident would not be repeated. CEO Kevin Johnson consistently labeled the incident a “reprehensible outcome” in media statements and interviews. Company officials immediately took responsibility for the incident and were proactive in their media outreach, appearing on television and giving on-the-record print interviews for at least a week after the incident. Mr. Johnson pledged to make “any necessary changes to our practices that would help prevent such an occurrence from ever happening again (Abrams, 2018).” It was clear from the outset that Starbucks took this incident seriously and was determined to stay in front of the crisis.

Tactics and Strategies

United

In the hours after the Dr. Dao incident, United spokespeople had made public statements and CEO Oscar Munoz gave a statement in the form of a news release. By then public sentiment was clearly against the airline and the way its employees treated the paying customers on the flight. Even though it was Chicago airport security officers that dragged Dr. Dao off the plane, United employees summoned them and removed customers from the oversold plane. As importantly, no one from United apologized to Dr. Dao immediately after his rough treatment.

However, within two days United had recaptured the narrative by issuing another public statement in which CEO Munoz apologized to Dr. Dao and said that the airline took full responsibility for what happened to Dr. Dao and will work to make it right. He also pledged to review policies for how overbooked flight situations are handled and how United partners with airport authorities and local law enforcement. He promised to communicate the results of the review within three weeks (Munoz, 2017).

Starbucks

Starbucks has been at the forefront of social issues for decades. It has a well-deserved reputation as a socially responsible company that sells fair-trade coffee and invests millions in its coffee-growing communities throughout the world. It also promotes its stores as a community meeting place. The company's focus on corporate social responsibility impacted its decision to be proactive in its response to the incident. Company executives issued statements; appeared on television shows, including CBS This Morning; gave interviews to newspapers and used Twitter to immediately apologize and detail efforts to respond to the incident.

A few weeks after the incident, CEO Kevin Johnson issued a joint press release with the two men who were arrested, detailing Starbucks' commitment to engaging in dialogue with the two men as a means toward developing specific actions and opportunities (Starbucks, 2018). The press release once again apologized for the incident but also outlined ways that Starbucks will reform its business practices and provide restitution to the two men.

Timeline and resources

United

The timeline was very rapid and compressed. The incident occurred on a Sunday evening. On Monday, United spokespeople gave interviews and CEO Oscar Munoz issued his first statement on the matter. By Tuesday, United was in damage control mode, and Mr. Munoz gave another statement that was more measured and contrite. Airline officials gave a press conference on Wednesday and issued another press statement in which Mr. Munoz and the company apologized again for the treatment of Dr. Dao and the other passengers and said that "the horrible situation has provided a harsh learning experience from which we will take immediate, concrete action (Munoz, 2017)."

In the ensuing weeks, several more press statements were made outlining the steps the airline had taken to ensure a similar situation will not occur in the future. Those steps included increasing the amount, up from \$1,000 to \$10,000, authorized to incentivize passengers to voluntarily give up their seats on an overbooked flight and cutting down on overbooking flights altogether. The resources used to communicate these apologies and policy changes included news releases posted on the company web site, television and print interviews, and posts to United's social media channels.

Starbucks

Like most high-profile incidents, news of the incident in Philadelphia spread very quickly. Within 24 hours dozens of people were protesting inside the Starbucks where the incident took place. It quickly became clear that the executives were prepared and had devised a carefully crafted corporate response. CEO Kevin Johnson repeated several times his belief that the incident was “reprehensible” and publicly pledged to reach out to the two individuals in order to apologize for their treatment in person. Several executives, including Executive Chairman Howard Schultz, were dispatched to Philadelphia where they remained for a week, meeting with community groups and giving several rounds of interviews outlining the company’s plan to prevent a repeat of the incident.

Starbucks used a tremendous amount of internal resources in its reaction to the incident. Internal town hall-style meetings were held, executives went to Philadelphia for a week, a plan was created to shut down every retail location for employees to engage in racial-bias training, and social media channels were extensively utilized to provide up-to-date information on company actions. This was the top priority of the company for at least two weeks, and the preparation and commitment paid off because the protests died off within two days and stakeholders generally gave the communications response positive marks.

Measurement

United

Immediately after the incident involving Dr. Dao, United’s brand had been severely damaged. A survey taken soon after the incident found that people who were aware of the incident were more likely to choose a rival airline and half of those surveyed said they would prefer to fly with American Airlines even if it meant paying more or enduring a

layover (Economist, 2018). Other surveys gave the same bad news to the airline: its immediate response to the incident was inadequate and, according to at least one crisis communications expert, the situation would make people reconsider whether they would fly on United (Stevens & Victor, 2017).

However, as time went on, outrage over the incident subsided. In the month that followed the Dao incident, United flew more passengers than a year earlier, had its fewest cancellations in history, and its share price hit an all-time high (Economist, 2017). Those financial metrics point to a complete recovery by the airline. Other analytics included positive interviews given to news outlets, including NBC News, and a positive performance testifying in front of a Congressional committee, in which Mr. Munoz pledged to make changes and to learn from the incident.

Starbucks

Empirical evidence based on press coverage would suggest that the company's response was a resounding success, particularly its decision to close every retail location for employee racial-bias training. One crisis communications expert said that Starbucks is bucking the trend because ordinarily large companies are advised by counsel against admitting any wrongdoing (McGregor, 2018). By closing stores to hold racial-bias training, Starbucks acknowledged that racial bias is not in line with its values and is an issue that must be addressed. Most other companies would not take such a bold step.

It would be possible to measure Starbucks' response to the incident in a quantifiable manner, including measuring the use of incident-related hashtags such as #boycottstarbucks and calculating comments and re-tweets of Starbucks' online statements related to the incident. The incident was heavily reported for several days, so a meta-analysis of the coverage could be undertaken to determine public sentiment related

to the company's response. Sales could be another indicator of whether the incident damaged the company's brand. It is too soon to determine whether overall sales were affected by the incident, but more information will be known when next quarter's sales figures are released later this year.

Conclusion

A company's first response after a high-profile incident is the most important statement or action it will take and is the benchmark from which further responses will be measured. The right or wrong words can make or break a company's standing among the public and can improve or wipe away years of hard-earned public trust and goodwill.

United Airlines and Starbucks had two very high-profile incidents involving their employees, and the companies' first responses differed greatly in tone and content. United worked hard to recover from its initial tone-deaf response and did not seem to suffer any long-term harm to its brand. Starbucks was hailed for its initial and continued response and has seen its brand increase in stature because of its bold and focused attention to the incident and its broader societal implications. The values and mission of both companies guided their respective responses to the high-profile incidents.

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