

Corporations with strong reputations don't recover as quickly from PR crises as previously thought, study shows

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Credit: University of Kansas

For many years, the conventional wisdom held that if a corporation had a strong prior reputation, it could recover more quickly from a public relations crisis. New research from the University of Kansas has found that may no longer be the case.

Matt Tidwell, faculty lecturer and director of the William Allen White School of Journalism & Mass Communications' integrated marketing communications graduate program, led a study in which he analyzed the prior reputation of a handful of corporations that experienced a PR crisis and whether they quickly regained their previous status in the eyes of consumers. The data from existing reputation measurement tools showed that about half of the companies in the study did not recover to their previous reputation levels, and those that did took about two years on average to do so, even though all had good prior reputations.

"What the results show is that there wasn't a rapid rebound to pre-crisis levels," Tidwell said. "In a corporate sense, I wouldn't consider two years recovering very rapidly. Corporations measure their performance quarterly, not annually, so they're looking at eight quarters or more of not having as good of a reputation."

Tidwell analyzed the reputation ratings of several large corporations that underwent a crisis, including Volkswagen and its "dieselgate" scandal, Toyota and its 2010 accelerator defect recalls, Starbucks' 2015 "Race Together" PR crisis and Target's 2013 customer data breach. He studied their corporate reputations by analyzing their scores in the RepTrak 100 and the Harris Reputation Quotient, two commonly cited metrics that score corporate reputations on a number of factors. RepTrak issues a list of top 100 corporations annually based on how consumers view them on factors such as products and performance, emotional connection and reputation benefits. The Harris Poll issues corporations a score on their reputational strength based on social responsibility, vision and leadership, financial performance, workplace environment, emotional

appeal, and products and services. He compared the companies' scores in both polls before and after their respective crises.

Tidwell points toward a large body of prior research on organizations that indicated prior [reputation](#) was a key determinant of crisis recovery. What has changed since then?

"One hypothesis I have for future research is that consumers have more power now in the age of social media than they ever had in the past," Tidwell said. "They have a direct line into the company now, and they demand an ever higher level of performance and conduct from the companies they do business with."

Research also shows that consumers are growing ever more demanding and seeking out information about the companies they do business with. The percentage of consumers who report seeking such information prior to engaging with corporations has grown steadily in recent years. And while reputational ratings have been a favorite of corporations when things are going well, consumers may not be as reliant upon them as they previously have been.

Tidwell, who presented the study in March at the 2018 International Crisis and Risk Communication Conference, said the findings represent "the tip of the iceberg" and that he hopes to delve further into the information to find out more about why some companies with strong reputations recover and others don't. All organizations observed in the current study used different communication strategies in responding to their respective crises, and perhaps certain methods are more effective. Also, some recovered more strongly in one rating system than the other, or in certain aspects of the ratings and further research could shed more light on that. The types of companies, composition of customers and effects of a more empowered stakeholder base demanding transparency all represent potential for research as well.

As for now, the research is showing corporations quite likely cannot rely on their reputations, strong as they may be, to weather the storm of a PR crisis as they could in the past.

Provided by University of Kansas

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