

## Effectively handling product recalls

Handling negative news stories such as product recalls tends to be an infrequent occurrence for most companies, but when it happens, you want to handle it in the best way. The Inside Story asked Australian business journalists to share their perceptions of how companies should handle a situation such as this, and who they believe has done it well in the past.

### How are recalls best handled?

Speed is essential when passing on the message to the media, with all journalists agreeing any delays can be detrimental to a company's reputation.

The key factors associated with those companies perceived to have handled critical news well are:

- Addressing the issues quickly – inviting the media to a conference in one location so questions can be asked
- Ensuring the event is open to television and radio journalists and allows cameras and recording
- Being completely honest and open – unless cannot reveal something for legal or privacy reasons
- Explaining both the problem and the solution or what is being done
- Keeping the public and/or consumer body well informed with updates every two days
- Having one credible spokesperson
- Talking in laymen's terms not jargon – ensure the message can be relayed quickly and easily

### At a glance summary

- Speed is of the essence
- Have all the facts on hand
- Be open and honest
- Explain what happened and what happens next
- Laymen's terms not jargon
- Regularly update with progress

*"...always tell the truth; never try to hide anything because if you do...it'll come back to haunt you at some stage...just be totally honest about it."*

### What do journalists want to know?

The initial message needs to be clear and factual. Journalists will be looking for five key points to be covered in the initial media conference and release:

- What exactly has happened – what products does it affect, where has it happened, what the problem is
- How the problem arose – whether an extortion attempt, internal error or so on
- What the company is doing about it – what resources are being applied to address the problem and ensure it doesn't happen again
- Whether compensation is being paid to consumers – and what people should do with products they already have
- How long before the company estimates the problem will be resolved:

*"...basically assurances that everything is being done to restore the situation and to prevent it happening again."*

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*"...There have been situations where companies have been addressing the issue but they haven't actually told people about what's going on and I think that's reflected badly on some of them..."*

Written communications need to include the same information as presented at a conference, plus contact names and numbers to enable follow up.

### Who is the best spokesperson?

The spokesperson needs to be credible person, however journalists don't believe it is essential to have the CEO addressing the issue:

*"I don't know that people pay too much attention to the title of the person who's speaking. The important thing is they represent the company or the organisation."*

It is believed that having a single spokesperson is important to ensure the message does not get confused.

The key criteria for the spokesperson are:

- They are fully briefed on the situation and able to answer questions confidently on the spot
- They are straight forward in their communication and language
- They understand what the media wants in this type of situation and provides it

### Impact on the company's reputation

A well handled crisis may have a positive impact on the company's reputation:

*"... people who are listening to the message that they're getting will say okay, well - if they're handling it properly...that is a company that I don't mind dealing with."*

It is important the company does not take advantage of the media attention to attempt any promotional activity – journalists do not expect this and would not use this information:

*"I don't expect a promotional opportunity at all ...if somebody then started promoting the company I wouldn't use it; we're interested in finding out how the thing happened and what they're going to do to fix it. We don't want to hear about what a great company they are and what they've done in the past for people."*

Journalists' respect for a company increases when it is open and honest in times of trouble:

*"I think people in the media would say well, you know, they took it on the chin, they accepted responsibility, they're going to do XYZ to fix it and I think there is a respect there for handling it that way."*

In some cases companies will be rewarded later on with coverage of positive stories as a result.

*"...we're always happy to do the good, sugary, nice, silky stories but by the same token if something goes badly wrong for them then we expect that they'll be open and honest with us then as well. I mean it's a two-way street..."*

### Handling product recalls well

Journalists talked about some of the more prominent recalls of the past ten years, with the 1997 Arnott's extortion attempt remaining high on the most mentioned list.

# INSIDE REPUTATION BULLETIN



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Arnott's is believed to have handled the recall well where the press is concerned, praised in particular for:

- Immediately contacting local media to advise of the situation
- Not hiding any information – other than that sensitive to the police investigation
- Inviting the media to take photographs of the recall

*"...in journalism, the best form of defence is attack, you know, and they seemed to do that..."*

*"...they were very quick to come out and say look, we do have a problem; and it just seemed that they were being fairly honest about what's going on."*

MasterFoods is cited as a company with a more recent example of a major product recall, with another extortion attempt – this time on its Mars Bar product in NSW, during July 2005.

Again the company is praised for keeping journalists fully up to date with progress, informing the public and keeping their message in the right tone:

*"...without an alarmist or a bitter tone to their voice about why it might be happening and why they've been targeted."*

Journalists in Victoria covered the news despite it being interstate, and felt comfortable they knew the issue was confined to NSW products

*"... their communications were very clear and I just felt that I could continue eating [Mars Bars] in Victoria, that was quite clear to me."*

### About the Inside Story

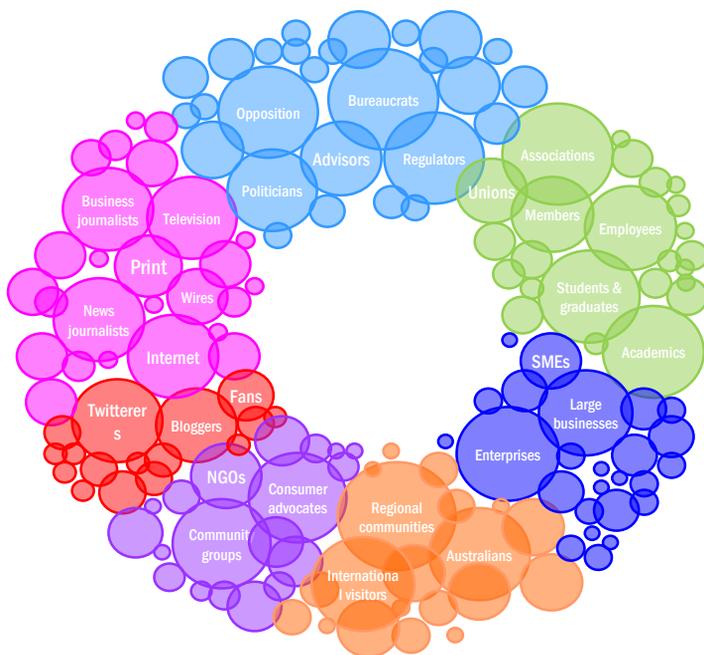
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In addition, we have spoken to many other stakeholder groups for our clients, including government, business influencers, financial analysts, key bloggers and of course the general public.

If you are interested in hearing more about our studies, would like to brief us on your research needs or just want a chat, please get in touch!

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