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# EFFECTIVE MARKETING COMMUNICATION IN THE CRISIS PERIOD OF THE COMPANY

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MARKETING COMMUNICATION 2/NAMK2

## OUTLINE OF THE LECTURE

1. Crisis situation
2. Types of crisis
3. Crisis planning
4. Pre-crisis period
5. Crisis period
6. Post-crisis period

## 1. CRISIS SITUATION

- Boycott of products
- Poor quality and safety of products
- Mining disaster
- Ecological disaster
- Falsification of accounting data
- The collapse of computer networks
- Contamination of food, medicines, water, air, ...
- Flight and train disaster
- Fraud and embezzlement
- Defamation and its dissemination
- Criticism from the media
- Redundancies
- Failure of human potential caused by negligence
- The scandals associated with top management
- Injury at workplace
- Strikes (Bossnapping as a bargaining method - the detention of managers employees)
- Closure of the factory
- Extortion
- Environmental pollution
- Earthquake
- ...

## CRISIS SITUATION

- The most severe and most common PR activity.
- A reputation is a delicate thing, which can take years to build up and mere moments to sully.
- **A crisis is unpredictable but not unexpected.**

## CRISIS SITUATION

- **Crisis is a moment in the history of the company, which irreversibly changes its corporate culture and business itself.**
- **The crisis is a sudden event or a long-term problem that can damage the company's reputation, affect its value.**
- **Key factors of the crisis:**
  - The long-term existence of crisis germs /sudden formation.
  - Immediate consequences - it limits normal operation of the company or it paralyzes the company overall.
  - Long-term consequences.

**EFFECTIVE CRISIS COMMUNICATION = PREVENTION + ACTION**

## CRISIS SITUATION

- **Industries with increased probability of a crisis situation:**
  - Pharmaceutical industry
  - Transport
  - Mining (mining) industry
  - Chemical industry
  - Food industry
  - financial companies
  - Health care

## 2. TYPES OF CRISIS

- **The crisis of image**
  - Problems with products, especially with regard to their harmful to consumers' health.
  - Environmental damage.
  - Public campaigns (protests by opponents, e.g. the producer of genuine fur etc.).
  - Old burdens (the consequences of previous business activities)
  - Human Factor (personal crises, deaths - employees' suicides, ....)
- **The crisis in connection with natural elements**
  - Floods, storms, fires, ...

## TYPES OF CRISIS

- **Spiteful attack**
  - Damage of corporate reputation
  - The crisis caused by criminal acts (contamination, espionage)
  - Information crisis (theft of know-how, information leakage)
  - Cyberattacks
- **Corporate crisis**
  - Physical (work injuries, death, ...)
  - Economical (management crisis, problems with financing, the destruction of jobs, ....)
  - Personal (strikes, violence, suicide of key members of management, ...)



## 3. CRISIS PLANNING

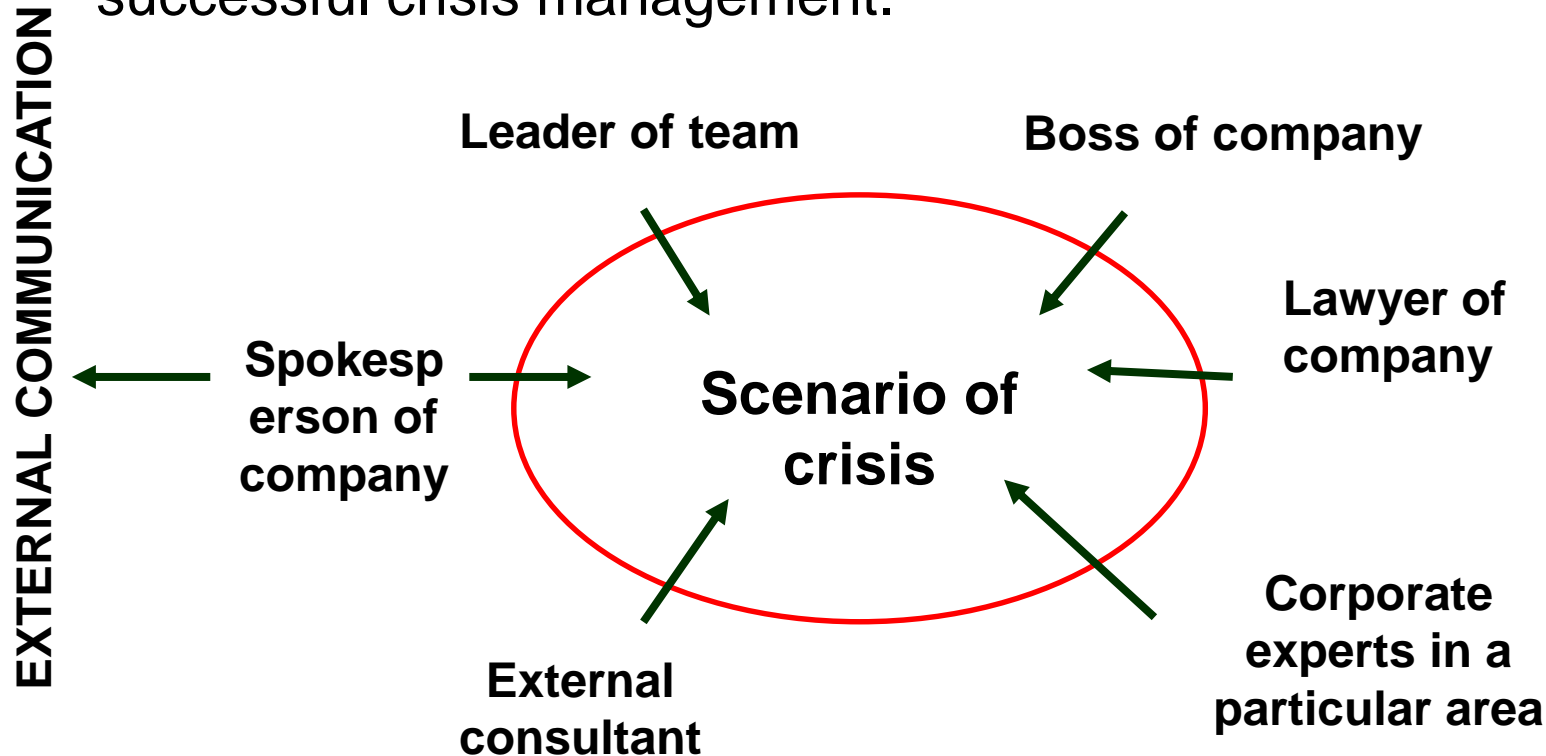
- Crisis planning is about putting into position those elements that can effect speedy outcomes to the disaster sequence. When a crisis strikes, it is the application of contingency based tactics by all those concerned with the vent that will determine the strength of the outcome. Crises tend to move through a series of distinct phases.
- **Pre-crisis** (signal detection, prevention, preparation),
- **Crisis event** (recognition, containment),
- **Post-crisis** (evaluation, learning, follow up communication).

## 4. PRE-CRISIS PERIOD

- **Information field ⇒ sufficient information (Where to find them? How to evaluate them properly? How to use them in effective way?)**
- **Rules of crisis communication**
  - Try to learn what crisis could arise
  - Determine how to proceed in the event of a real crisis
  - A simple analysis of the situation - the potential risks (Crisis audit)
  - Prepare a scenario of crisis communication
  - Set up a crisis communications team
  - Create a crisis manual
  - Strengthen relations with media
  - Training of of crisis situations

## CRISIS COMMUNICATION TEAM

- Connection and perfect interplay of competent professionals with clear lines of responsibility is an essential prerequisite for successful crisis management.



## CRISIS COMMUNICATION TEAM

WHO?	ADVANTAGES	DISADVANTAGES
<b>BOSS OF COMPANY</b>	Powerful authority, the validity and binding effect of his or her words and promises.	Lack of time.
<b>SPOKESPERSON OF COMPANY</b>	Good knowledge of the company, the daily experience with the media, personal contacts with journalists.	Readiness and willingness to align with the company's unpopular decisions in times of crisis.
<b>LAWYER</b>	Correctness in expression.	Limited ability to induce positive emotions. Lack of experience with the media.

## KEY ASSUMPTIONS OF SPOKESMAN IN TIMES OF CRISIS

- Stress resistance.
- Communication with grace.
- Basics of polite behaviour and manners in public.
- To be a good psychologist.
- Ability of principles of successful dialogue (eye contact, ...)
- Indicate the importance of own opinion in the company.
- To speak clearly and concisely (no use of "no comment" or professional terms).

## CRISIS COMMUNICATION TEAM

- **A member of the crisis communications team should have:**
  - Replacement mobile phone with an Internet connection.
  - Spare batteries for your mobile phone.
  - Spare batteries for laptop/tablet.
  - Spare clothes for the day, spokesman: spare suit - cotton shirts, ties, blouses and costume for women.
  - Small pillow and blanket in case of a short rest.
  - Basic toiletries.
  - Natural "doping" according to own libitum (grape sugar, chocolate, coffee).

## CRISIS MANUAL

- Concise and clear summary of procedures, lists and contacts which are important for the smooth management of the crisis. It is provided to all members of the crisis communication team, as well as members of corporate management in print and electronic form.
- An important prerequisite for the functionality of the manual is to provide regular updates.

## 5. CRISIS PERIOD

- **Maintain ability to act**
  - Fast communication - from 24 to 72 hours!
  - Speak with one voice. Communicate the true facts.
  - Provide reassurance. Interest + (humanity + assurances + Care) = Success!
  - Inform all parties.
  - Deal with conflict situations with grace.
- **Defend the reputation of the company**
  - Agreement with full responsibility.
  - Disagreement with responsibility.
  - Pointing out the mitigating circumstances.
  - Mitigation of outrage (compensation, guarantees providing, ...).



## CRISIS PERIOD

- **Communication with media (publicity)**
  - Press release
  - First interview
  - Press conference
  - Monitoring of media
- **Strengthen position in the Internet**
  - Crisis Website
  - Communicating via social media
- **Communication with employees**
- **Do not underestimate the influence of pressure groups**

## COMMUNICATION STRATEGY IN CRISIS PERIOD

- **Strategies of closed door** ⇒ company does not communicate.
- **Strategies of half-open door** ⇒ company communicates partially.
- **Open-door strategy** ⇒ company tries to provide complete, verified and correct information.

## COMMUNICATION STRATEGY „4R“ IN CRISIS PERIOD

- **Regret**
- **Responsibility**
- **Reform**
- **Restitution**

## 6. POST-CRISIS PERIOD

- To persuade key interest groups, that the crisis is over.
- To evaluate the crisis (mainly the work of members of the crisis communication team).
- To examine the circumstances when there was the change of the crisis.
- To analyze the media outputs.
- To implement obtained information into the crisis strategy.
- To be prepared for repeated publicity.
- To improve the crisis manual and crisis communication team in order of next crisis.