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*Assessing False Rumours and Mitigating Their Adverse Effects
on Corporate Reputation*

By:

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Assessing False Rumours and Mitigating Their Adverse Effects on Corporate Reputation

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Abstract

Purpose: The purpose of this paper is to provide a deeper understanding of the phenomenon rumour and how companies should deal with false rumours, problematizing the internet as a platform for spreading information.

Methodology: Based on a substantial literature review, this study implemented the qualitative approach of case studies, analysing three different cases dealing with companies targeted by false rumours.

Findings: Based on the research this paper introduces a managerial guideline: The Eight Elements of False Rumour Management. The first four elements represent proactive measures, emphasising the importance of knowing one's brand's identity and reputation, the customers, as well as the brand familiarity. The elements are: External Information, Internal Information, Monitoring and Integrity. The last four elements are reactive measures, which are to be taken once a false rumour targets one's brand: Reaction, Assessment, Communication and Integrity. The reactive measures explain how the company should act in order to combat a false rumour and to assess the crisis created by it. The last element Integrity, should be incorporated throughout all steps.

Research implications: Further research should investigate which company initiatives are most effective in combatting rumours, by measuring brand reputation before and after a crisis caused by a rumour.

Practical implications: In creating the managerial guideline, The Eight Elements of False Rumour Management, this paper creates a holistic view for companies on how to manage false rumours targeting one's company.

Originality/Value: By combining proactive and reactive measurements, as well as Urde and Greyser's (2016) CBIRM, this paper introduces a holistic view on managing false rumours targeting brands, which pose a risk for brand reputation.

Introduction

'Falsehood flies, and truth comes limping after it...' (Swift, 1966). In 1966 Jonathan Swift highlights what many companies are afraid of today: the power of false rumours. With the evolution of information technologies came new ways of communication. Nowadays information can be shared online, reaching everyone everywhere, empowering consumers to spread company information.

When two employees at Domino's Pizza uploaded a video of them making pizzas while violating health standards, the video went viral with over one million views. The incident spread through twitter, damaging the brand severely. Domino's took action by firing

employees and creating a video of them apologising. The two employees made a public statement, confessing that it was a joke (Kaul & Desai, 2016). Although the company has done extensive public relations work since then, two years later the incident was still outweighing all efforts to repair Domino's reputation (Hofman & Keates, 2013).

The Domino's case demonstrates that a rumour containing substantial false information can overshadow the positive effect of a company's communications (Aditya, 2014). What people say, and most importantly what they post online, can have devastating effects on a company's reputation - even more so when the threat is disguised as a false rumour. Therefore,

rumours can have severely damaging effect in terms of loss of reputation, law-suits, huge monetary investments in public-relations campaigns, reduced trust in the company and a fall in stock price (Bordia et al., 2005).

Literature about crisis management deals with how to effectively handle crises which risk damaging your corporate reputation (Coombs, 2007; Dawar & Lei, 2009; Dutta & Pullig, 2011; Greyser, 2009). But what if the crisis is caused by a false rumour? Based on previous research we find that there is no holistic view on how companies should manage false rumours. Therefore, the aim of this paper is to provide a deeper understanding of the phenomenon *rumour* and how companies should deal with false rumours, problematizing the internet as a platform for spreading information. This paper studies three practical cases and connects them to findings from previous literature. Managerial implications for combatting false rumours are discussed.

Literature Review

In order to draw conclusions about how to manage false rumours, this literature review will give an overview about the topics of corporate reputation, rumours and their way of spreading. Further, we will approach the issue of false rumours leading to a crisis by focusing on suggestions from previous research on rumour and crisis management.

Corporate Reputation

Previous research stresses the importance of a company's reputation. A strong reputation acts as an intangible asset for an organisation, providing financial and strategic benefits (Barnett, Jermier & Lafferty, 2006; Deephouse & Carter, 2005; Fombrun, 1996). A company's reputation is formed by the market judging the company (Kapferer, 2012). It is defensive and focused on the organisation (ibid.). The level of an organisation's reputation, which can be high or low, has an effect on all stakeholders (Balmer, 2012; Kapferer, 2012). Therefore, it is of high concern for companies.

Rumour

Psychology, sociology and communication literature has defined rumours in many different ways (Pendleton, 1998). A rumour is a statement that is not verified, one does not know if the information is true or false (Aditya, 2014; Peterson & Gist, 1951). According to Rosnow and Kimmel (2000, p.122), a rumour is an "unverified proposition for belief that bears topical relevance for the persons actively involved in its dissemination". This indicates that rumours contains information about topics relevant for the people spreading them. Hence, a rumour is not spread if it is not seen as relevant. In a corporate perspective, rumours can occur internally as well as externally and affect a brand's reputation and stakeholder trust (DiFonzo & Bordia, 2002). Internal rumours deal with internal corporate issues, such as redundancies, organisational and management changes (DiFonzo & Bordia, 2002). External rumours deal with information that is of importance for external stakeholders (Kimmel, 2004). Therefore, internal rumours can be categorised as organisational rumours, whereas external rumours are consumer-oriented (Kimmel & Audrain-Pontevia, 2010).

Crisis Management

Greyser (2009) states that it is important for companies to acknowledge "what" is threatening the company's reputation, as well as "who" is affected by it. He mentions nine different causes of corporate brand crises that can damage corporate reputation. The nine causes are: product failure, social responsibility gap, corporate misbehaviour, executive misbehaviour, poor business results, spokesperson misbehaviour and controversy, death of symbol of company, loss of public support and controversial ownership. The author is not discussing the effects of rumours. However, a false rumour can turn into a crisis (Aditya, 2014) and target all these nine causes of brand crises. If attacking "the essence of the brand", the damage is more severe and challenging. The "essence of the brand" is what Greyser (2009) refers to as "the distinctive attribute/characteristic most closely associated with the brand's meaning and success." If the

crisis is not targeting “the essence of the brand”, it is easier for the company to overcome and defeat it; although it can still be troubling and resource demanding for the company (Greysier, 2009).

The Corporate Brand Identity Reputation Matrix (CBIRM), provided by Urde and Greysier (2016), can be helpful in evaluating the effects of a crisis on corporate reputation and identity (Figure 1). By integrating corporate brand identity with corporate brand reputation, the authors stress the importance of fit between internal view (identity) and external view (reputation). Greysier (2009) suggests that in order to assess an emerging or already developed brand crisis threatening brand reputation, one can follow four steps. First, one needs to be aware of one’s *brand elements*, meaning the marketplace situation - how strong the brand’s position is, the brand’s own strengths and weaknesses and “the essence of the brand”. The second step is to *assess the crisis situation*. One needs to investigate the magnitude of the situation and if it is targeting “the essence of the brand”. The nine key reputational elements identified by Urde and Greysier (2016) can be a useful assessment tool:

relevance, trustworthiness, differentiation, credibility, performance, responsibility, willingness-to-support and recognisability. A rumour targeting one of the key reputational elements can lead to a crisis, which in turn can lead to a misalignment of reputation and identity, implying that the stakeholders have differing views about the brand (Urde & Greysier, 2016). By applying the CBIRM one can determine where this misalignment is rooted (ibid.). The third step, assessing *company initiatives*, refers to anticipating the effects of the company actions and behaviour. As a final step one needs to assess the *results* of the company initiatives, whether or how they helped with recovery of brand meaning and other important elements of the brand (Greysier, 2009).

Rumours can cause great damage to brand reputation, which might be hard to repair (Aditya, 2014). If a rumour damages the brand in a way that negative associations are developed, it can be difficult to overshadow the negative effects of a rumour with positive communications (Aditya, 2014). However, one factor that can affect the damage of the crisis, is whether the company or brand has, what

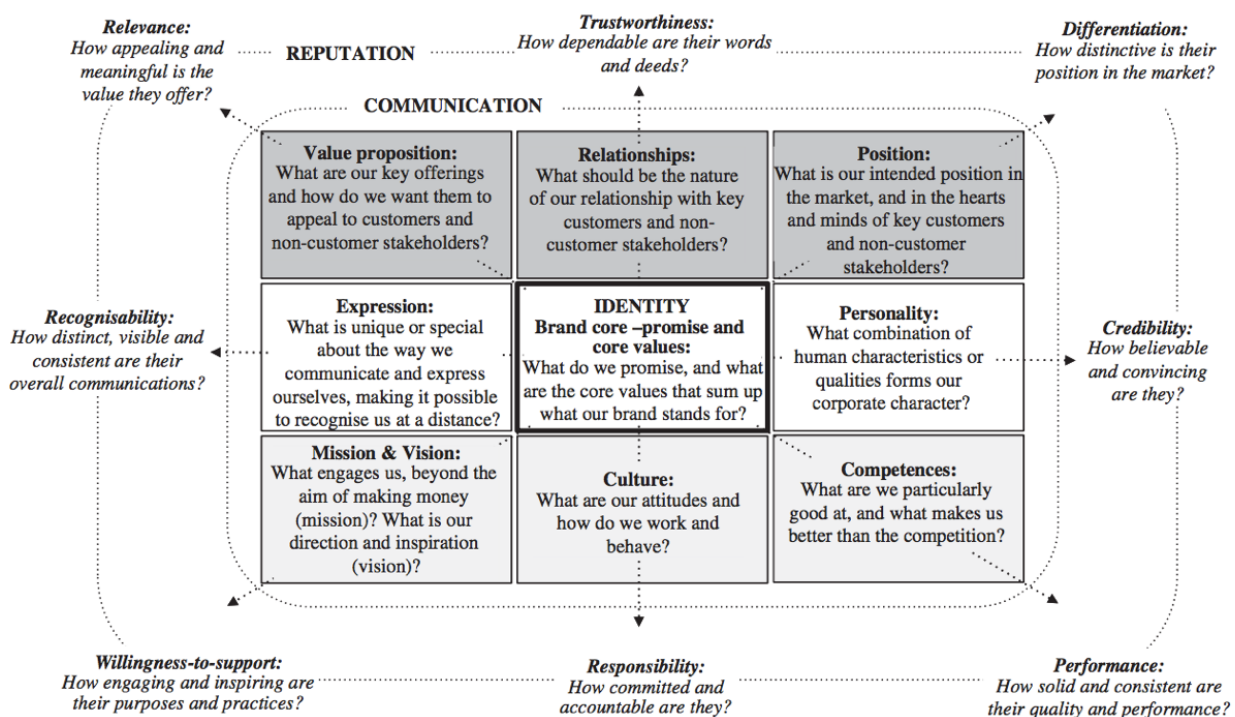


Figure 1. The Corporate Brand Identity Reputation Matrix (Urde and Greysier, 2016)

Greyser (2009) refers to as, a strong reputational reservoir. A company with a strong reputational reservoir has a strong track record in being authentic in troubling times and creating trust over time.

The most common solution, mentioned in earlier research, is to manage a false rumour by denying it as soon as possible. Previous research states different scenarios where the strategy of denying the rumour is most effective: when the customers identify with the brand; when the allegations are not perceived to be severe in the minds of the customers; and when media coverage is big. If the rumour does not have these characteristics, the strategy of denial could be perceived as admitting to guilt (Johar, Birk & Einwiller, 2010). Johar, Birk and Einwiller (2010) find that a denial strategy might not be suitable if the allegations in the rumour are severe. Instead of denying it sufficiently, one has to discredit the source of the rumour. In doing so, one can avoid speculations about whether the rumour is true or not (Aditya, 2014). According to Aditya (2014), the most effective way to handle a fictitious rumour is to create a well-formed statement, which would provide adequate evidence proving the rumour to be false. This, however, is only successful if the rumour is targeting a well-known brand (ibid). Brand familiarity could be a factor influencing the overall damage of the rumour. If brand familiarity is high, it is more likely that customers who trust the brand, evaluate the rumour as being false and therefore less worth sharing. However, if a brand has strong brand familiarity, then it is more likely that the brand is an interesting target for negative rumours (ibid). Therefore, a rumour targeting a well-known brand is more likely to be spread, since it is relevant to more people (ibid). Correspondingly, when consumers identify themselves with the brand, they are inclined to defend the brand with their own counterarguments against the rumour (Johar, Birk & Einwiller, 2010). If the brand is less known, the company's response to the rumour is expected to have a small effect on the transmission of the rumour. Less well-known

brands are more likely to minimize the damage of a rumour by ignoring it; thereby preventing it from spreading to additional customers (Aditya, 2014).

Johar, Birk and Einwiller (2010) suggest to have a crisis management strategy prepared in order to quickly contain the crisis. This plan should state whom the spokesperson will be, how to interact with the affected parties of the rumour and the different media channels to use, which varies according to the specific crisis. Concurring, DiFonzo and Bordia (2000) find six steps to manage existing rumours:

1. If a rumour or a part of a rumour is true - confirm it.
2. Avoid a "no comment" answer.
3. When disproving a rumour choose a suitable channel (e.g. if the rumour targets the whole company, then a top-level official should deny it).
4. When disproving a rumour, the response must be clear, memorable, strong and concise.
5. When disproving the rumour, one has to be genuine and authentic.
6. When disproving a rumour, one must be consistent.

According to DiFonzo and Bordia (2000), rumour activity is expected to be effectively reduced if the communication is persistent, well-timed, regular, concise and conclusive. The communicator should be a relevant company executive or a credible, devoted outside authority. Further, the only way to mitigate uncertainty is by showing integrity and building trust during the communication process (Johar, Birk & Einwiller, 2010).

Concluding from the reviewed literature, it is necessary to have a crisis plan (Johar, Birk & Einwiller, 2010). Furthermore, it is important to assess the situation of a crisis, as Greyser (2009) suggests. A rumour can cause a crisis and assessing it involves four components. Firstly, one should know and assess the brand elements, hence "the essence of the brand". Secondly, one should assess the crisis situation. Thirdly, one should assess the company's initiatives. Fourthly, one should assess the

result of the initiatives taken. If brand familiarity is low, the rumour is irrelevant or media coverage addressing the rumour is negligible, it can be effective to ignore the rumour (Aditya, 2014; Johar, Birk & Einwiller, 2010). In an early stage of rumour spreading, it is suggested to immediately provide sufficient information disproving the rumour to the public as strategy of denial (Aditya, 2014; Johar, Birk & Einwiller, 2010). An official statement by a trusted person falsifying the rumour should follow (DiFonzo & Bordia, 2000; Rosnow & Kimmel, 2000). If allegations against the company are severe, one should aim at discrediting the source of the rumour (Johar, Birk & Einwiller, 2010). Through all stages it is important to be clear, decisive, authentic and honest (DiFonzo & Bordia, 2000; Rosnow & Kimmel, 2000). In order keep communication authentic during a crisis caused by rumour, the CBIRM model can be a useful tool assessing the impending misalignment between corporate brand identity and reputation (Urde & Greysler, 2016).

Method

This paper is based upon a qualitative research approach, which includes a substantial literature review of the research field, as well as connecting previous research to *three* different case studies. In order to gain a wide perspective of the field, we summarised the existing body of research, which forms our literature review. We explored and describe the phenomenon *rumour* and how it affects and relates to brand reputation and crisis management. This method provides a deeper insight into previous research from which conclusions can be drawn (Easterby-Smith, Thorpe & Jackson, 2015). In order to obtain the literature, we chose different keywords, which were applied to the academic search engine "LUBsearch". The keywords used were: *(false) rumours, (brand) reputation and crisis management*. Through the literature review we gather an understanding of what topics call for deeper investigation, revealing the gap in existing literature: there is no holistic view of rumour spreading and its effect on corporate/brand reputation, connected to the brand identity. This is further developed by our

focus on information technology, specifically digital communication, which is accelerating the speed of spreading information and is an important element in today's society (Doerr, Fouz & Friedrich, 2012).

In our qualitative research we used secondary textual data to gather substantial information about our cases (Easterby-Smith, Thorpe & Jackson, 2015). Our case study focuses on companies/brands that were targeted with false rumours. The cases were found through internet investigation. One crucial factor in choosing the cases was the possibility of accessing substantial information about them. Questions that needed to be answered were: what was the rumour about and what was it targeting? How did the company deal with the rumour and what was the outcome of the company's actions? Due to the limitations and difficulties in finding substantial information about false rumours targeting less-known brands, our case studies investigates well-known examples. Our research sought to understand how the different cases handled false rumours and if they acted according to suggestions from research. We chose three different cases; one before the evolution of internet and two after. This choice gave us the possibility to investigate the difference on how to handle a false rumour before and after internet communication. We compared the cases to find similarities and differences. Based upon this comparison we developed managerial implications for companies on mitigating the adverse effects of false rumours on corporate reputation in the digital age. The aim of the research creates a two-legged relevance: firstly, it is relevant for readers due to the fact that the platforms where rumours spread have changed. Secondly, the relevance of the paper is for companies to understand how to deal with false rumours. This is provided by the managerial implications as part of our discussion.

The Procter and Gamble Case

In 1981, a rumour regarding the symbolic Procter & Gamble's (P&G) corporate logo depicting a bearded man in the moon started circulating. The rumour suggested that P&G's

logotype represented Satanism. A claim that was fuelled by the curlicues of the moon man's hair, which seemed to resemble devil's horns and his curls which allegedly illustrated three inverted sixes (Stampler, 2013).

P&G received inquiries from consumers about the company's connection with Satanism. In July 1982, the company decided to go on the offensive. P&G decided to take legal actions by filing lawsuits against seven individuals, whom they felt that they had enough evidence to go to court. The new strategy was to combat the rumour head on and to generate enough publicity to put a stop to the rumour. P&G adopted a number of initiatives in order to refute the rumour. Starting with devoting extensive resources to deal with the various sources of the rumours, documenting and mapping out the geographical sweep of rumours in different states, as well as tracking the incoming queries received from the consumer service department. In order to address and refute the various allegations, P&G reached out to news organisations in the different areas where the rumours seemed to originate (Austin & Brumfield, 1991; Salmans, 1982). The results from the lawsuits proved to be very effective as evident by the significant drop in the number of queries to the consumer service department. Furthermore, the number had fallen by half thanks to the enormous coverage the company generated from the different networks channels who covered the news. However, P&G did not have much effect in stopping the rumours from spreading (Salmans, 1982).

When P&G started receiving reports of ministers/preachers attacking P&G as well as urging their congregations to boycott their products, the company decided to change their strategy to a more local approach. Procter & Gamble compiled written testaments from high-ranking religious leaders contesting that the company was not associated with Satanism (Kimmel, 2004). The letters were included in an "information-kit" that was sent to consumers contacting the company about the rumours and churches in locations, where the rumour was

spreading (Austin & Brumfield, 1991). The actions taken did not have much result in subduing the negative effects of the rumours (Salmans, 1982).

In 1983, the company decided to remove the logo on the corporation's headquarters claiming it was a cost-cutting measure (Mikkelsen, 2013). It seemed as if the rumours had quiet down for a while, but by 1985 the rumours had gained traction again. P&G removed the trademark from their packaging and provided a toll-free number, which people could call for questions or information concerning the rumours. P&G even resorted to hiring private detectives to help determine where the rumours originated (Austin & Brumfield, 1991).

In 1990, anonymous fliers calling for a boycott of P&G's products started to circulate in various locations including supermarkets, shopping centres and small churches. The fliers contained stories about the president of Procter & Gamble appearing on several talk-shows confirming the company donates 10% of its profit to the Church of Satan. P&G's public relations reacted by asking local newspapers to publish stories denying the rumour (Austin & Brumfield, 1991). After several attempts of dismissing the false rumour and rejecting the idea of simply removing the symbol from its packages, P&G conceded in 1991 and decided to change their trademark by eliminating the supposed devil horns and inverted sixes from the logotype (Mikkelsen, 2013).

The rumour resurfaced in 1995, when a voice mail recording was released through a system belonging to a competitor (Amway), stating that a large part of Procter & Gamble's profits was used to support satanic cults (Mikkelsen, 2013). P&G has filed several lawsuits against Amway Corp. charging it with fomenting the slander. In March 2007 P&G won in court and was awarded \$19.25 million in damages (ibid).

P&G hid their identity on their packaging for a very long time due to the lingering effect of the rumour (Kapferer, 1987). It is not uncommon

for companies to separate their corporate brand from the product brands in order to protect one from affecting the other in case of brand failure or damaging rumours. Due to the brand strategy of P&G, they were able to keep their turnover stable despite being a target of negative rumours (Kapferer, 2012). It took decades for the company to put their logo back onto their products. In 2013 the company made the decision to put the moon back in the logotype, proving the lasting effect of the rumours (Stampller, 2013).

The Taco Bell Case

In January 2011, Taco Bell was served with a lawsuit claiming that their “seasoned ground beef” contained less than 35% beef. The allegations led to several rumours regarding the content of the “mystery meat filling”. The class-action suit claimed that Taco Bell was using false advertising, when referring to their product as “seasoned ground beef”, therefore not fulfilling the USDA requirement to be classified as beef (Bradford et al., 2011). Taco Bell quickly refuted the accusations by releasing a complete ingredient statement on their official website, which showed the meat filling actually contained 88% meat and 12% seasoning (Kim, 2014). Nevertheless, the lawsuit was widely publicised and gained a great deal of traction in the media, forcing the fast-food chain to take actions (DailyMail, 2011).

In an attempt to salvage its tainted reputation, Taco Bell spent three million dollars on launching a full-scale campaign devoted to refute the false allegations (DailyMail, 2011). The campaign included an official statement from the president and CEO, a full-page newspaper ad and a TV-commercial featuring real employees directing viewers to the website for further information. In addition to traditional media, Taco Bell also launched a social media campaign, urging Twitter users to show their support and offering free beef tacos on Facebook. The President of Taco Bell, Greg Creed, appeared in a YouTube video disputing the false claims by specifying the exact ingredients used in their seasoned beef.

Another action the company took was buying the keywords “taco”, “bell” and “lawsuit” on various search engines to redirect concerned consumers to their official statement (G. B., 2011). The lawsuit was later withdrawn by the Alabama based law firm on April 19th after the launch of Taco Bell’s aggressive campaign (Stempel, 2011).

The IKEA Case

On March 10th 2014, a woman named Brea Rehder posted on IKEA’s Facebook page complaining about the way she was treated while breastfeeding in line at IKEA’s Ottawa store. Rehder claimed that while she was waiting to speak to a manager regarding a pricing question, she began to breastfeed her nine-months-old baby. At that point the manager supposedly approached her saying: “When you’re done being disgusting, we can resume our discussion. In the meantime, take it to the bathroom because you’re holding up the line” (Ottawa Citizen, 2014).

IKEA apologized to Rehder the following day, while stating to investigate the issue internally. After interviewing the employees and reviewing the footage from the security cameras, IKEA’s Corporate Communications and Public Relations Manager released a statement saying that there was no evidence to corroborate the incident. Although Rehder was seen entering the store in the security footage on the mentioned day, they could not find any evidence of the alleged confrontation between the woman and the employee (CTV Ottawa, 2014).

The story spread to a group of nursing mothers, who organised a Facebook event called “flash feed nurse-in” in the living room area of the showroom at IKEA Ottawa. The organisers clarified that the event was not a protest, but rather a show of support to woman’s right to breastfeed in public. IKEA responded by welcoming the women who attended with open arms and seizing the opportunity to turn the story into positive Public Relations (Crawford, 2014).

Discussion

The literature review emphasises the importance of analysing, in terms of assessing the emerged situation caused by the rumour, as well as assessing the brand itself (Aditya, 2014; Greyser, 2009; Johar, Birk & Einwiller, 2010; Urde & Greyser, 2016). Brand familiarity can determine whether the company should take actions when facing false rumours (Aditya, 2014; Johar, Birk & Einwiller, 2010). Accordingly, IKEA and Taco Bell, two well-known brands in terms of brand awareness, reacted upon the false accusations.

Furthermore, it is important to analyse which parts of the reputation will be damaged by the rumour in order to assess how severely the crisis can damage the brand (Urde & Greyser, 2016). Measuring the actions taken, Taco Bell and IKEA seemed to have understood the seriousness of the situation. Both companies took immediate action using new media channels, such as video sharing and social media platforms. In the case of P&G, actions were delayed, suggesting the company did not anticipate the reach and the possible damages of the rumour. However, the actions in combatting the rumour could have been delayed due to the lack of online platforms.

In times of a crisis, it is not only important to assess the brand familiarity, but also the brand elements; the “essence of the brand’s meaning”, as well as the marketplace situation of the brand and its strengths and weaknesses. In order to assess the possible damage of it and adapt one’s actions, one has to be aware of what part of the brand is targeted by the rumour (Greyser, 2009). Based on our case analysis, it is difficult to determine whether the brands have assessed these factors before the rumour was created. However, we can assume that IKEA and Taco Bell were aware of the fact that the rumour was targeting the essence of the brand, which is why they acted immediately.

Assessing the crisis or the rumour causing a brand crisis is an important step (Aditya, 2014; Greyser, 2009; Johar, Birk & Einwiller, 2010). In the three analysed cases, the rumours were

targeting different elements of the brands, which made the companies take different actions to combat the rumour. The P&G rumour accused them and their logotype of having a connection with Satanism, which was not targeting “the essence of the brand”. However, it was affecting people involved with the brand, for example religious customers. According to Greyser (2009), a crisis not targeting the essence of the brand, should be less damaging and easier to overcome. Since the rumour was not targeting the core of P&G, it can be argued whether their actions to manage the rumour were necessary or if they just fuelled the rumour itself. Comparing the case of P&G with IKEA and Taco Bell, one can see that the latter are targeting “the essence of the brand”. In the case of Taco Bell, the rumour about their taco meat containing very little beef. This targeted the main product of Taco Bell, which as Greyser (2009) puts it: is closely attached to “the brand’s meaning and success”. This is Taco Bell’s signature product and therefore rumour could have ruined the brand’s reputation. However, in this case the rumour was about a product attribute, making it easier to provide evidence disproving it, which Taco Bell did by revealing the ingredient statement. The rumour about IKEA was targeting “the essence of the brand”, as it targeted the first stated core value of IKEA: “Humbleness and willpower”. IKEA’s Humbleness refers to respecting each other, also their customers (IKEA, 2016). The rumour about an IKEA’s employee behaving disrespectful towards a breastfeeding customer, would contradict this value. Therefore, it is understandable that IKEA addressed the matter immediately.

In assessing the crisis and the scope of the damage, the three brands took different measures. P&G’s rumours were spread by word-of-mouth and fliers. The Taco Bell case started with a lawsuit that was covered by several news channels. The IKEA case gained attention on Social Media. This shows that the way rumours are spread and the whole platform where brands interact with external information, has changed due to the digital age (Doerr, Fouz & Friedrich, 2012). P&G did

assess the effects of their rumour through geographical mapping, surveys etc. In the case of Taco Bell, the rumour was leading to an actual event: the lawsuit. This forced the company to take action, in terms of dealing with the lawsuit. In the case with IKEA the rumour was investigated, in order to disprove it. However, IKEA's statement shows that they took the matter seriously, even before the investigation was started. One issue worth discussing is whether the development of online communication forces companies to react to rumours immediately, as one does not have the time to assess the crisis situation. P&G did have time to assess their rumour over many years, since the rumour spread through traditional channels. Taco Bell and IKEA did not have time to assess the situation, because the rumour spread faster through global online communication. Concurring, the question arises whether P&G's rumour would have the same phases of resurfacing. Would P&G have combatted the rumour more effectively if they would have used their own channels, not being filtered by the media? Not only does the digital age change the way rumours are spread, but also the way brand managers can take actions in combatting rumours through online communication. Today, P&G would be able to interact with the stakeholders influencing external information.

What can be concluded from the analysis of the three cases, is that the companies have both similarities and differences in dealing with false rumours. According to previous researches (Aditya, 2014; DiFonzo & Bordia, 2000; Johar, Birk & Einwiller, 2010), the first and most common action to deal with false rumours is the act of denial. All three companies, to some extent, did deny the rumour. However, how and when they denied the rumours differs. Procter and Gamble first denied the allegations by contacting news agencies. The pace of communication in traditional media is slow, implying that it takes time until a statement of denial will be published. Taco Bell refuted the rumour by revealing an ingredient statement. Therefore, they targeted the core of the rumour itself by

providing sufficient information against the allegation as suggested by literature (Aditya, 2014; Johar, Birk & Einwiller, 2010). Since IKEA did not know whether the rumour was of substance, they were not able to deny the allegations immediately. However, one day after the rumour appeared, they apologised and stated that they would investigate the incident, implying that they take the matter seriously. Once IKEA had sufficient evidence to disprove the rumour, their Corporate Communications and Public Relations Manager released a statement. As suggested by literature (DiFonzo & Bordia, 2000), in all three cases the companies avoided "no comment" answers. As the case of IKEA shows, this can be an important step signalling that the company takes measures and responsibility.

According to DiFonzo and Bordia (2000), the communicator used to refute existing rumours should be a relevant company executive or a credible, devoted outside authority. In each of the cases studied a trustworthy spokesperson was appointed according to the spread and the nature of the rumours. The Taco Bell rumour targeted the company's products, which reflected poorly on the operations of the company. Hence, the president as the guardian of the brand, had to step in to make an official statement in order to reassure consumers of the company's credibility. In IKEA's case the story was limited to a local store. Therefore, it was appropriate for the Corporate Communications Manager to give an official statement. Even before internet was an influencing factor, companies have used people of authorities to strengthen the credibility of their statement. This method has not changed with the development of the internet. However, the channels through which these people communicate with the public, have changed. For example, in the case of Taco Bell, the CEO made his statement in a video, while the religious leaders in the P&G case communicated with letters distributed by traditional mail.

Crisis management literature also stresses that the companies' communication must be clear,

memorable, strong, concise and authentic (DiFonzo & Bordia, 2000; Greyser, 2009). P&G had local newspapers and influential people speaking on their behalf, but they were not able to reach people in the same way IKEA and Taco Bell did. Companies today have more control over their communication channels and can therefore be more clear and authentic in their communication. In both IKEA and Taco Bell's case, the companies were able to respond quickly and clearly without being filtered, because they had various media channels at their disposal.

Analysing the cases of Procter and Gamble, Taco Bell and IKEA shows that digital communication has changed the way companies react to rumours. Nowadays, rumours are spread at an extremely rapid pace. Companies have to be aware of what is written or claimed about their brand, in order to be able to gain as much control over information targeting them. Online communication control is a two-way street: On one hand one has less control of what someone else is writing or stating about one's brand. On the other hand, one has control over how to respond to that statement without being filtered.

This paper shows the need of taking proactive actions. Based on previous research and the three cases studied, we have developed a managerial guidance plan containing eight elements (Figure 2). In order to be able to react to false rumours in a timely and appropriate manner, companies should take proactive measures. The company needs to know about its customers, brand familiarity, reputation and identity, which we define as the elements of *external* and *internal information*. Analysing the external and the internal view of the brand by applying the CBIRM (Urde & Greyser, 2016), will give companies the tools to detect the impending misalignment between identity and reputation. The crisis situation can be evaluated faster and companies can react immediately. The third element, *monitoring*, stresses the importance of observing the brand's discourse in the media, especially in digital media channels, such as social networks.

The aim must be to monitor as many relevant channels as possible, as it will increase the chance of detecting rumours before they spread. A *crisis plan* on how to manage false rumours is an effective method for companies, as it will speed up the communication process and contain reputation loss.

Once a false rumour spreads, a company should take reactive measures. The first step when dealing with a false rumour is *reaction*, ideally denial. A company should disprove the rumour immediately, providing sufficient evidence. If no evidence is available, a statement about how the company will proceed with the false allegations should be released and investigations should start. Simultaneously, the company should *assess* which parts of the brand reputation are targeted by the rumour (Urde & Greyser, 2016). During the *communication* step, the false information should be addressed on an appropriate level by choosing a trusted, capable person and the right channel. If the rumour spreads via social networks, it is recommended to choose the same channel to disprove it in order to reach the same audience. In doing so, the company can speak directly to its customers, without being filtered. A clear, decisive, honest and authentic communication is very important at all times, thereby showing *integrity*. The proactive measures suggested will facilitate this step, as the company will be aware of its identity and reputation and can communicate accordingly. Proving the ability of being authentic and honest over time, will give a company a strong reputational reservoir, which will aid the company in future crises (Greyser, 2009).

The literature suggests assessing the company's initiatives taken in a crisis situation, as well as the results (Greyser, 2009). Since this is mainly done internally without being published in the media, it is difficult for us to determine, whether the companies evaluated the initiatives taken. However, it can be concluded that the evaluation process is of value in future crises caused by rumours, as it reveals whether the company was successful in

restoring reputation and which elements of reputation were damaged by the rumour.

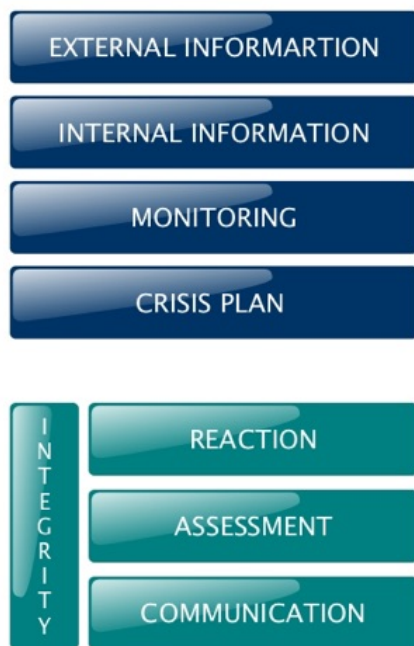


Figure 2. The Eight Elements of False Rumor Management

Conclusion

As the case studies demonstrate, the digital age has changed the arena of communication. This is a two-way street: on one hand it has created more control for the companies to communicate with stakeholders through their chosen channel, with no filtering. On the other hand, the companies have less control over what is written about them. This has created new challenges, as well as new advantages in managing false rumours.

This research has five main conclusions. Firstly, brand familiarity affects how the company should manage rumours. However, in investigating three well-known brands (based on their brand awareness today), the comparison between well-known and less-well known is missing. Therefore, it is difficult to draw any conclusions about brand familiarity based on the case studies. Secondly, the research emphasises the importance of assessing, both in terms of assessing the brand elements, but also the crisis itself. The three cases took actions in combatting their rumours, which implies the fact that they assessed them as a risk to brand reputation. However, to what

extent they assessed the scope of the rumours cannot be measured. Thirdly, it is important to deny false rumours. The case studies show that companies take different actions when denying rumours. Therefore, the effect and the outcome of their denial strategy has proven to be different. The case studies stress the importance to use the right channel and communicator, as well as the urgency of reacting in time when denying a rumour. This finding underlines the advantageous side of the internet, where companies can communicate directly with their stakeholders without being filtered by other media. This absence of an own channel of communication, might explain why the effect of P&G's denial strategy did not put the rumour to rest. The fifth finding is the importance of being authentic throughout the crisis caused by a rumour. In doing so, brands can build a strong reputational reservoir (Greyser, 2009). Based on these conclusions, we argue that false rumours should be managed as a crisis. However, it should be managed as specific one, in need of a specific action plan. We have, based on previous researches and our case study analysis, developed a managerial guideline consisting of eight elements for managing false rumours. This plan contains four *proactive* measures and four reactive steps. We argue that the proactive measures should be a constant process incorporated in your brand management. These are: *External information, Internal information, Monitoring, Crisis Plan*. The *reactive* steps are *Reaction, Assessment, Communication and Integrity*.

Further research

In terms of generalising the result and conclusions, this paper contains some limitations. Firstly, the paper analyses three cases, which could be seen as too few to draw general conclusions. In order to draw conclusions with a better generalisability, one could look at more cases of companies dealing with false rumours. Secondly, a study of multiple cases before and after the evolution of new media channels would help to further understand how companies have adapted their strategies in dealing with rumours. Thirdly, our study focuses on corporate brands. Rumours

targeting different types of brands, such as product brands, could call for different actions. Fourthly, the research is limited to false, negative rumours. Therefore, not exploring or problematizing positive, as well as true rumours. Furthermore, we have limited information concerning the outcomes of measures taken by the companies. In order to gain a full perspective of what actions are most effective in combatting false rumours, one would have to evaluate brand reputation before and after the crisis. Further research should investigate which company initiatives are most effective in combatting rumours, by measuring brand reputation before and after a crisis caused by a rumour.

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