

CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES

Are you “telling it like it is”?

**The DER SPIEGEL scandal and its
impact on the reputation of an entire
industry in times of fake news and lying
press**

By:

Imke van Deest

Réka Ines Tölg

Julia Ausserdorfer

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Corporate Brand Management and Reputation: Master's Cases

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

Editor

Mats Urde
Associate Professor
mats.urde@fek.lu.se

Head of master's course Corporate Brand Management (BUSN35), part of the master's program International Marketing and Brand Management.
Lund School of Economics and Management

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WRITTEN CASE

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IMKE VAN DEEST

RÉKA INES TÖLG

JULIA AUSSERDORFER

Are you “telling it like it is”?

David Remnick, Editor-in-chief at The New Yorker, enjoys a coffee in his office in the centre of Manhattan while it is heavily snowing outside on a cold day in the beginning of January. He turns on the television and watches the news reporting about the DER SPIEGEL scandal. The report summarises the incident about DER SPIEGEL, an established German magazine, which had published articles by the award-winning reporter Claas Relotius who had fabricated stories or distorted facts. Remnick has followed the actions taken to resolve the crisis by the SPIEGEL group ever since the scandal got public on December 19, 2018. As Remnick thinks about the impact of this crisis on his own magazine and the entire industry in times of fake news and lying press, he considers writing an editorial about the incident and the possible consequences depending on the stance taken in the editorial.

Background and history of DER SPIEGEL

The SPIEGEL group is one of the most renowned media groups in Germany, mainly known for one of the leading news magazines, DER SPIEGEL, as well as the related online version SPIEGEL ONLINE. Furthermore, additional activities in print- and television services are managed under the SPIEGEL brand. **Exhibit 1** provides an overview of the most relevant media activities that make the SPIEGEL group one of the most wide-reaching media groups in Europe with 14 million weekly readers.

The SPIEGEL group’s ownership structure is unique in the European media landscape. In 1974, the founder, Rudolf Augstein, endowed half of the company’s shares to employees. Ever since, shared responsibility, co-decision-making and a claim for half of the profits form the basis of the mutual relationship with today’s approximately 1.300 employees.

The SPIEGEL group’s target market is mainly Germany as well as other German-speaking EU countries. In 2016, the SPIEGEL group generated a profit of approximately 270 million Euros. With a revenue share of 67%, the print sector represents by far the most relevant service of the group. In comparison, the online sector accounts for 16% and the movie and television sector for 14% of the revenue.

The name of the SPIEGEL group is derived from its core product brand, the magazine DER SPIEGEL, which was founded by Rudolf Augstein in 1947 and has been published on a weekly basis ever since. Today, it is the news magazine with the highest circulation in Europe. The magazine first gained nationwide fame for accusing the city of Bonn of bribery in order to become the new capital of the federal republic of Germany in 1950 and has revolutionized the German media landscape ever since e.g. by being the first magazine to print coloured cover pages in 1955. Since January 1966, DER SPIEGEL has always been published on Mondays under the theme of “Montag ist SPIEGEL-Tag” (Monday is SPIEGEL-Day) and “SPIEGEL-Leser wissen mehr” (SPIEGEL-readers know more). The magazine stands for flawless investigation and reliable, high quality journalism covering different topics such as politics, economics, science, medicine, culture, entertainment, media, society and sports. In 2015, DER SPIEGEL changed its publication date from Monday to Saturday promoted by an image- and umbrella brand campaign under the claim “Keine Angst vor der Wahrheit” (Never fear the truth) which aimed at portraying the attitude and quality of the whole SPIEGEL brand. This new claim should illustrate the importance of investigative high quality journalism in times of digitalization and fake news.

The SPIEGEL group’s influential and renowned status becomes evident by the fact that Rudolf Augstein was awarded as the journalist of the century by 100 established journalists in the “Medium Magazin” in 2000. Two years later, the founder, Editor-in-chief and CEO of DER SPIEGEL died at the age of 79. Today, Rudolf Augstein’s brand promise “Sagen, was ist” (telling it like it is) welcomes everybody, who enters the headquarters in Hamburg, Germany. Those silver letters still represent the mission of the SPIEGEL group and mean, in the words of the 1949 statute, that *"All the news, information and facts processed and recorded by DER SPIEGEL absolutely have to be accurate. ... The need for corrections should be avoided at all costs at DER SPIEGEL."*

In order to stick to this promise, DER SPIEGEL has an extensive fact-checking system. Any text that appears in the weekly DER SPIEGEL, whether printed or digital, is read by many colleagues before its publication: by at least one department head and one Editor-in-chief, by staff in editing and the legal department. However, the heart of quality control is the in-house documentation. More than 60 colleagues make sure that names, dates and facts are correct, they verify every word and every number. Hardly any other medium puts so much effort in this process. In the days of Fake News, the documentation process is key competence, with which the SPIEGEL likes to proliferate.

The incident

On December 19, 2018 DER SPIEGEL revealed on its Twitter account that they had published approximately 60 articles by reporter and editor Claas Relotius, who had admitted that, in several instances, he either invented stories or distorted facts. For example, he included individuals in his stories who he had never met or spoken to, telling their stories or quoting them. He made up characters of people who actually did exist but whose stories he had fabricated by basing the depictions on other media and video recordings using images, Facebook posts, YouTube videos, and material from old newspapers and obscure blogs.

The scandal became public due to the effort of Juan Moreno, a colleague of Relotius, who expressed doubts about Relotius' credibility in November 2018 already. Moreno went through three to four weeks of fearing his job as his integrity was questioned initially by his colleagues and senior editors in Hamburg. However, Moreno would not give up to prove his accusations and went on a trip to the US in order to collect further evidence. On December 3, 2018 Moreno's suspicions got confirmed in an email sent from a woman called Jan, who was doing media work for vigilante group in Arizona conducting patrols along the border to Mexico. Relotius, who had written an article ostensibly about this vigilante group in the DER SPIEGEL report named "Jaeger's Border", was asked how he could have reported about her group without even interviewing them. When DER SPIEGEL confronted Relotius on December 13, the reporter accepted the accusations and cleared out his office three days later. He later stated *"I am ill, I have to get help now."*

Before going into detail about the handling of the crisis, background information about Claas Relotius will be provided.

Claas Relotius

Born in 1985, Claas Relotius was different from many of his peers. The young journalist with good ideas and strong opinions who is modest, reserved, polite, and attentive and who would not stand out in meetings started writing for DER SPIEGEL as a freelancer in 2011. During this time, he also worked for other media organizations in Germany including Cicero, the Neue Zürcher Zeitung am Sonntag, the Financial Times Deutschland, Die Tageszeitung, Die Welt, Süddeutsche Zeitung Magazin, Weltwoche, Zeit Online, and the Frankfurter Allgemeine Sonntagszeitung. During the last one and a half years he was employed at DER SPIEGEL as an editor. His article "A Crude Mishmash" helped Claas Relotius to becoming one of the most successful German journalists in recent years. This articles earned him the German Reporter Prize on four occasions, the Peter Scholl Latour Prize, the Konrad-Duden, the Kindernothilfe and the Catholic and Coburger media awards. Furthermore, he was announced CNN "Journalist of the Year" and honoured with the Reemtsma Liberty Award, the European Press Prize and even landed on the Forbes magazine list of the "30 under 30 - Europe: Media."

During the seven years working for DER SPIEGEL, he wrote 60 articles of which, by his own admission, at least 14 are in doubt for being at least partly fabricated. Among the latter there are articles that have been nominated for or won journalism awards.

Handling of the crisis by the SPIEGEL group

When taking the scandal public on December 19, 2018, DER SPIEGEL published a detailed article on their independent website SPIEGEL ONLINE, written by Editor-in-chief Ullrich Fichtner. More specifically, the article included details about the process of discovery, speculations about Relotius' feelings and his reasoning behind the actions, as well as a comprehensive apology to everyone affected.

It became clear that the investigation just started and thus, only a limited amount of information could be revealed at that point, but DER SPIEGEL also informed their readers about several actions to uncover the whole truth - even though it is in some cases impossible to identify.

Three days after the public announcement, DER SPIEGEL published a special edition of their printed magazine, fully dedicated to the scandal. It was designed in red with a white text on it, stating "Sagen, was ist", which refers to Rudolf Augstein's brand promise "telling it like it is". **Exhibit 2** illustrates the print version. Dirk Kurbjuweit publicly apologized to all readers, Rudolf Augstein's family, and all journalists.

Moreover, the magazine published a new podcast episode that dealt with the scandal and was published on audible and YouTube for free a few days after the announcement.

In the following days after the public announcement, SPIEGEL ONLINE regularly updated the website and released many new articles about the scandal to clarify the situation to its stakeholders. Some were rather neutral and stated which articles are fake and which are not, some gave more details about e.g. the discovery, and some present reactions of employees and readers.

Yet, some articles were very personal and often commented upon, such as the article called "We have a lot of questions for ourselves", written by Steffen Klusmann and the current deputy Editor-in-chief Dirk Kurbjuweit. One quote from this article is the following: *"We are now fighting for our credibility, and of course we are angry that Relotius has so bitterly disappointed us and the readers. But in Claas Relotius, we do not see an enemy, but one of us who has been mentally in need and then resorted to the wrong means. He also has our compassion."*

In order to regain trust and verify the 60 articles, the Editor-in-chief and CEO of DER SPIEGEL appointed a commission of three experienced journalists to investigate the in-house routines and the failure of the security systems. The commission will investigate and publicly document the events for at least half a year like an internal audit. More specifically, they will check which work processes, which documentation requirements, which organizational framework conditions DER SPIEGEL need to change in order, among other things, to renew the reliability of research and verification and to restore confidence in the journalistic effectiveness of the company.

Furthermore, changes in the planned promotion of personnel were taken. Ulrich Fichtner, who had taken Relotius to DER SPIEGEL in 2014 and looked after his work until 2016, was supposed to be promoted from the Head of the Corporate Department to the new Editor-in-chief together with Steffen Klusmann and Barbara Hans from January 1, 2019 onwards. Fichtner's appointment was, however, suspended until the completion of the investigation of the counterfeiting scandal around Claas Relotius. Finally, it was decided that Klusmann and Hans form the Editor-in-chief from January onwards.

Last but not least, Relotius' numerous awards from different organisations for excellent articles were mostly withdrawn or given back voluntarily, such as his four awards from German Reporter Prize.

Today, all articles written by Relotius start with an information text about the incident and the current status of verification. Some articles which have been checked and declared as fake were removed from the website. Moreover, DER SPIEGEL includes their readers in the process of verification, providing the possibility to send any advice or tips regarding Relotius' investigation for articles to a dedicated email address. Still, readers have expressed their disappointment on SPIEGEL ONLINE by commenting on the articles published about the crisis. Many readers stated that they lost trust in the fact checking department and the SPIEGEL group's values, and have thus ended their subscriptions.

Timeline

To summarize, **Exhibit 3** gives an overview about the main occasions of the scandal.

Fake news and the DER SPIEGEL scandal

The DER SPIEGEL scandal is an example from an industry which is already in crisis since there is an ongoing discussion about the credibility of media, not at least because US president Donald Trump has popularized the term "fake news" during and after his presidential campaign and election. The term refers to a type of journalism consisting of deliberate misinformation spread via traditional print and broadcast news media or online social media that has increasingly occurred during the last few years since media outlets want to attract viewers to their website to generate online advertising revenue. The spread of fake news is further supported by increased political polarization and the popularity of social media. With the increasing divide between political views in Germany, and increasing criticism from the right-wing parties on established media, the present scandal gave further opportunities for right-wing politicians to use the historical term 'Lügenpresse' - the lying press. Being recognized as one of the leading independent media groups in Germany, dedicated to neutral reporting, this incident harmed the SPIEGEL brand's core values and might influence the whole news industry in times of fake news and social media as this incident is a confirmation and reinforcement for all fake news supporters, especially the formerly described right-wing politicians in Germany.

The competition

The New Yorker is an international equivalent to DER SPIEGEL. It is a weekly magazine published by Condé Nast, originally dealing with the cultural life of New York. Today, the magazine provides content for the United States as well as international readers, dealing with culture, politics and social issues. The magazine is well-known for its cartoons, and precise editorial work both in terms of fact checking and copy editing. The paper is mostly read by people holding left-of-centre political

views. The New Yorker also shows some similarities to DER SPIEGEL in terms of readership and the amount of annual publications, especially in the era when the news industry is not reduced to the accessibility of the printed journal.

Some days have passed since the DER SPIEGEL scandal got public. It is the beginning of 2019. **You are David Remnick, the Editor-in-chief of The New Yorker.** You are in the centre of Manhattan when watching the News about the DER SPIEGEL scandal. As you have followed the news reported within the last week, you are thinking about writing an editorial. The questions you ask yourself are:

Should you comment on the incidents or not? And if so, would you support, be neutral or criticise DER SPIEGEL? What are the short- and long-term consequences for The New Yorker?

Would your decision change if you were a German competitor? What are the short- and long-term consequences for German competitors?

Exhibit 1 SPIEGEL group's media activities

TV	Online	Print	Other
<p>Free-TV</p> <ul style="list-style-type: none"> • spiegel.tv • dctp.tc <p>Pay-TV</p> <ul style="list-style-type: none"> • SPIEGEL Geschichte • SPIEGEL TV Wissen <p>Production:</p> <ul style="list-style-type: none"> • SPIEGEL TV Produktion • SPIEGEL TV Infotainment • ASPEKT Telefilm 	<ul style="list-style-type: none"> • SPIEGEL ONLINE • Bento • KarriereSPIEGEL (career portal) • manager-magazin.de • Harvard Business Manager Online 	<p>Magazines</p> <ul style="list-style-type: none"> • DER SPIEGEL • Dein SPIEGEL • SPIEGEL CHRONIK • LITERATUR SPIEGEL • SPIEGEL BIOGRAFIE • SPIEGEL GESCHICHTE • SPIEGEL WISSEN • UNI SPIEGEL • manager magazin • Harvard Business Manager (German edition of Harvard Business Review) <p>Books</p> <ul style="list-style-type: none"> • SPIEGEL books in cooperation with Deutsche Verlagsanstalt (DVA) • Harenberg-Verlag 	<ul style="list-style-type: none"> • Der Audio Verlag

Exhibit 2 Print version of the special edition about the scandal



Exhibit 3 Events leading to revealing the scandal and handling of the crisis

