

Understanding The Impact of Corporate Communication Initiatives on Consumers in Crisis Management among Consumer Oriented Industries

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Abstract: *Corporate communication plays a vital role in the life span of a brand. Not only is it important for improving their life cycle instead it is of extreme importance at the time of crisis. The Consumer Industry today is prone to crisis and it is of sheer importance during such times to have an effective communication plan which would help the brand sail through the crisis effectively such that the consumer is not misled and is given a sense that they are part of the journey to emerging through such testing times. The study focuses on the impact and perception of Corporate Communication and its practices on the consumer of consumer oriented industries. The study was conducted amongst people of Shimla and a sample of 155 chosen.*

The aim of the study is to understand how Corporate Communication practices influence and affect the behavior of consumers at the time of crisis. The study sheds light on the relationship between CC and the impact of the practices on the consumer. The study has helped us analyze the strategies Consumer industries ideally follow and the extent to which these practices help them in dealing with the crisis.

Keywords: *Corporate Communication, Consumer Oriented Industries, Consumer*

1. INTRODUCTION

It is strongly believed in today's business and management world that success or failure and future of any organization or company depends of it perceived by both internal and external stakeholders. The internal stakeholders who form the organizations employees are critical to this thinking. Employee satisfaction is utmost important in company management. The external stake holders like investors, shareholders, customers, consumers and community outside closely watch the company's growth and performance. Globalization of companies in the 21st century has brought in new challenges to the corporate world. Particularly, the rising crisis both in finance and management has strengthened this belief. Top management and executives of national and multi-national are engaged in protecting the image, identity and reputation to be 'critical' and view it as the most important in strategic management. This objective of building, maintaining and protecting the company's reputation is actually the core task of corporate communication practitioners.

Crises have challenged industries and organization leadership and risk managers worldwide not only due to unexpected circumstances, but also due to breakdowns in information flow. Most of the crisis unexpectedly large scale, unprecedented and are trans-boundaries.

Managing crises remains at the core of corporate communications roles in risk management and resolving the crisis to build the reputation, image and identity of an organization. Once a crisis actually happens the response stage begins with detecting and monitoring crisis to develop effective plan of action to resolve crisis. In the post crisis stage, efforts are made to bring crisis closure and develop a strong feedback mechanism for future planning of crisis management.

Crisis has been a challenge to companies and industries for long there by affecting the reputation, image and identity. Effectively communicating with all the stake holders is a key component to success in crisis management and resolving it. Corporate communications has a vital role to play in communicating with the stake holders and keeping them well informed and updated. The aim of this research is to study the CC initiatives taken by companies, understand the impact of those and through the course of research develop a Crisis Management module.

Lot of research has been done both at the national and international on crisis in companies and how companies face such a challenge. What the crisis management and crisis communication strategies developed? What is the role of corporate communication in crisis communication and management? How companies deal with both internal and external stake holders? A short review of related literature indicates the research efforts, specifically the customer relations during crisis. An article "More of the best crisis management case studies of 2018" published in rockdovesolutions.com on crisis of KFC, Bayer, D&G, Mc.Kinsey, Abraaj group, P&G's Tide and Paytm, helps in identifying industries that are most prone to crisis is the starting point of the current research. Based on the studies, it was possible to identify the crisis prone company's [1]. Another set of studies published in "The roundup of 2018's best crisis management case studies: Part 3,(2018) supports the existence crisis issues in Pret-a manger, Lactails, Goldman Sachs, H&M, Scofflaw and Crock Pot [2]. "Definition of Consumer Industry" (2019) accessed provide an insight into what are consumer oriented industries and how are they different from product oriented industries. It also gives information about the relationship between consumer and the industry helps in Helps in defining consumer oriented industry [3].

Payal Khandelwal (2015), discusses the crisis in Johnson &Johnson, Maggi, Volkswagen, Mother Dairy, Hindustan Unilever, Tiny Owl, Zomato, Housing.com, Air Asia and Malaysian Airlines and provides the frame of reference to crisis prone industries [4]. Birgit Andrine and Apened Solem in their study identify if the chain of communication is not maintained and updated and promises made are not fulfilled the customers are likely to lose their loyalty and interest support in designing the research tools. It also defines the need of continuous communication with stakeholders and also the fact that false promises and expectations must not be encouraged [5]. Hua Jiang Institute of public relations (2015) focuses on two key things for organizations to manage during a crisis: Establish and implement guidelines that specify permitted and prohibited conduct for employees when organizations are involved in crises; and Coach Employees about how to respond to queries for information that they may receive from all affected stakeholders, Helps in understanding the requirements and further incorporate the same in the research tools [6]. Timothy Coombs (2014) in the study 'State of Crisis Communication: Evidence and the Bleeding Edge' states that a crisis can create a threat to Public safety, Financial loss and Reputation loss. And any of the above can tarnishes the image of the organization. Emphasis is also laid on the importance of internal communication and how it is imperative that the organization should be the first one to report the crisis to all it stakeholders [7]. Satyen P. Marathe(2013) in the study 'An analytical study on crisis management decisions in selected auto axillary units in Pune(2000-2012)', emphasis on how crisis is an unforeseen situation but planning is the key.

The important findings state, perceiving of crisis preparation to manage it and coming out with an innovative strategy are essential [8].

2. METHODOLOGY

Study objectives:

- To understand the customer awareness of the crisis in consumer oriented companies
- To study customer perception and effect of crisis in brand loyalty
- To evaluate the crisis impact on product brand promotion
- To analyze the impact of Corporate Communication strategies on consumers during crisis

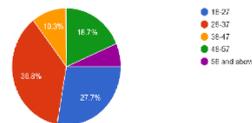
The research adopted survey method and was conducted in Shimla city. Specifically, the study was conducted in Longwood, new Shimla. Longwood has a middle class and upper middle class population of nearly 15000 people. A sample of 155 respondents was selected using snowball sampling method. To collect data, a questionnaire was designed keeping in view the research objectives. The questions were aimed at eliciting information on customer awareness of crisis in consumer oriented companies, effect of crisis on brand loyalty and brand promotion. The data was collected using Google form which was shared among the respondents. The data collected was analyzed using simple percentages which have been presented in graph format.

FINDINGS

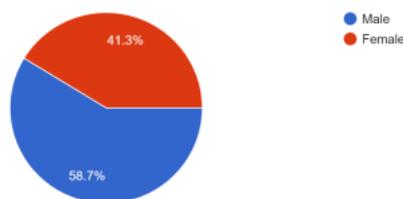
PART – A

Sample profile

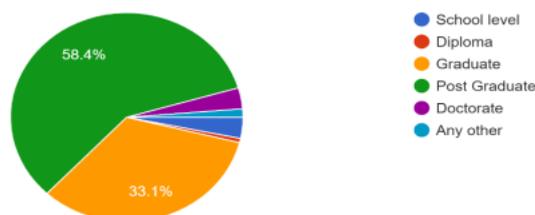
Age:



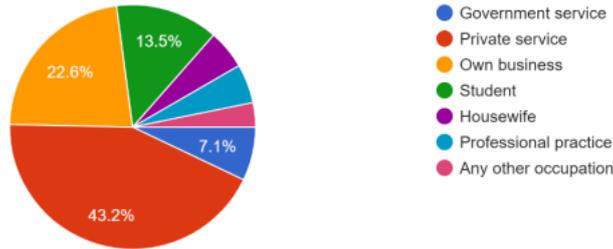
Gender:



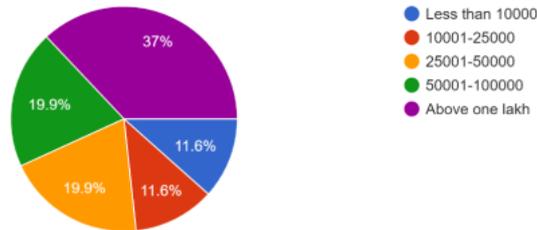
Education:



Occupation:



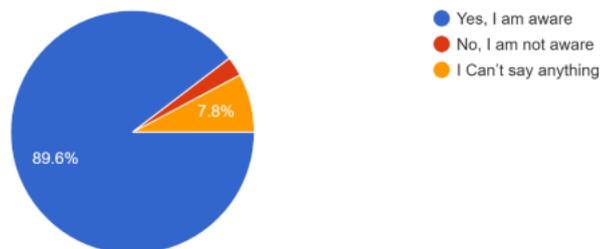
Income:



The data analyzed reveals that more than 36 % of the were in the age group of 28-37, followed by 27 % in the age group of 18-27 and the rest were in the group of 38-47. Gender wise, there were 51 % of males and the remaining 49 % were females. The data also revealed that more than 57 % of the respondents were post-graduates and 33% were graduates. In terms of occupation, 43.2 %of the respondents were from private service, followed by 22.6 % own business and 13.5 % were students. Considering the monthly income of the respondents, 11.6 % earned less the 10000 a month, about 19 % earned between 100000 to 500000 and the rest were in the higher income group of more than one lakh per month.

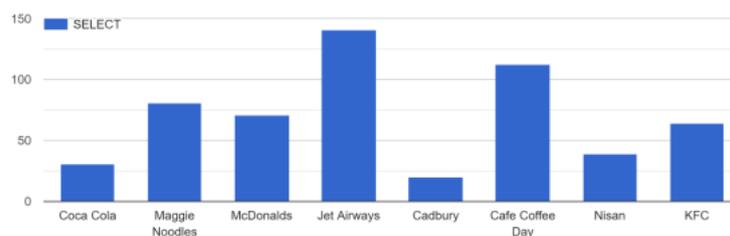
PART B

Awareness that Industries/organizations are susceptible to crisis



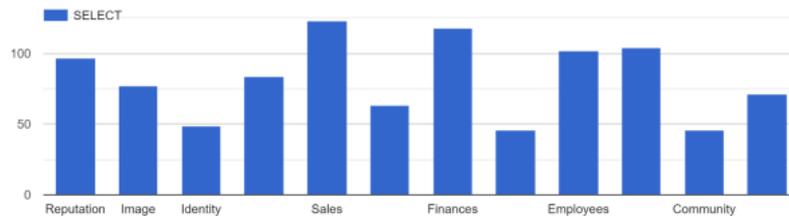
About 89% respondents are aware that organization are susceptible to crisis at one time in their lifetime, and rest of the 10% respondents are not aware of organization are susceptible to crisis at one time or the other in their lifetime.

Knowledge of companies/products suffered from crisis in recent times



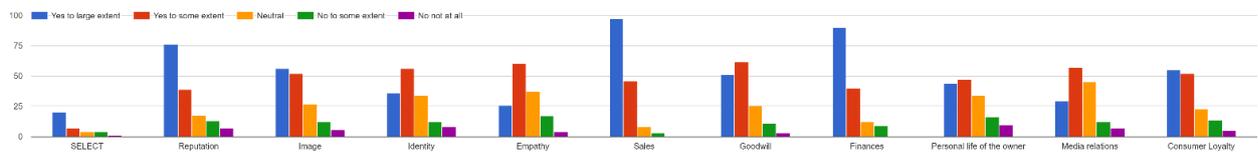
In the given data on companies/products suffered from crisis in recent times. Most of the respondents nearly 90% respondents have information about Jet Airways suffered crisis recently, more than 64% respondents aware about crisis recently occurred in Cafe Coffee Day, nearly 48% respondents have knowledge about crisis suffered in Maggie Noodles, McDonalds and KFC, less than 26% respondents are also aware about recently crisis occurred in Nisan, Coca Cola and Cadbury.

The crisis factors that effect a company



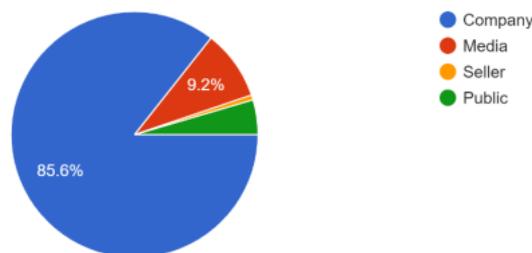
About 80% respondents said Sales and finances of the company affected as result of crisis, nearly 64% respondents held that reputation and employees of the company harm due to crisis, more than 32% respondents are of view that image, identity and community of the company affected by the crisis.

The extent of effect of crisis on the company



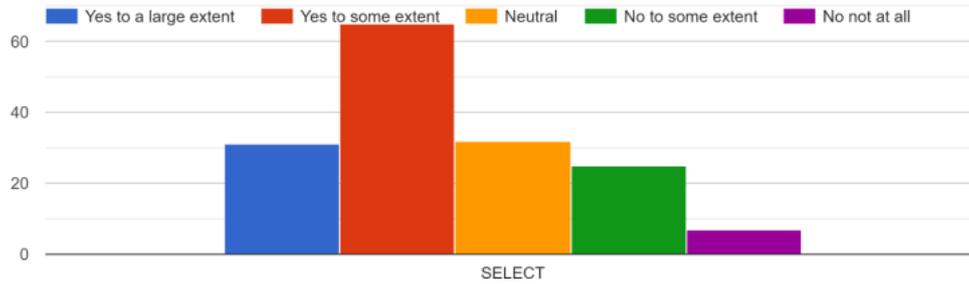
In the above figure most respondents believe that the reputation, sales and finances are the most affected. Followed by goodwill, empathy, identity and image.

Highly appreciated if the consumer first hears about the crisis from:



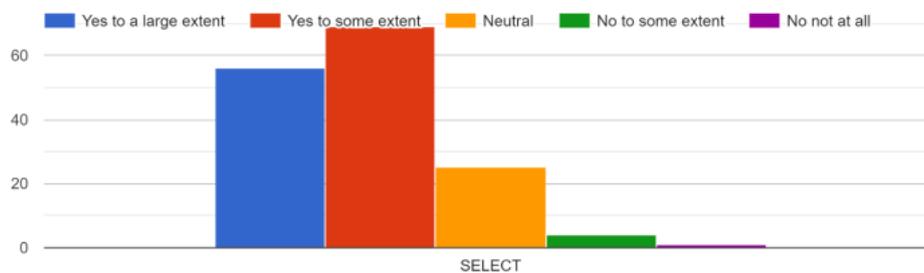
In the above figure about 85% respondents are preferred to appreciate if the consumer first hears about the crisis from the company side, 9% of respondents are favored to get information through media to consumer first on crisis in the company, and rest of the respondents are preferred to appreciate if the consumer first hear through seller and public regarding crisis in the company.

Consumer empathizes towards the brand during times of crisis:



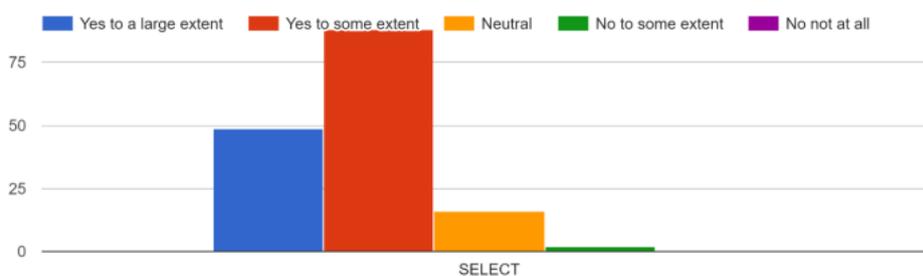
Nearly 20% respondent's strongly favored consumer empathizes towards the brand during times of crisis, more than 30% respondent's preferred to some extent on consumer empathizes towards the brand during times of crisis, nearly 20% of respondents are neutral on consumer empathizes towards the brand during times of crisis, and rest of the respondents are negatively responses on consumer empathizes towards the brand during times of crisis.

Impact of honest confession on the consumer understands of the crisis



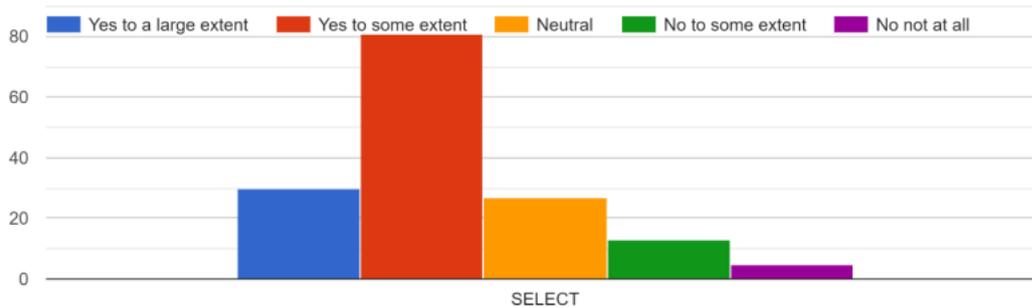
80% of the respondents are favored or strongly favored on honest confession by the brand of the company on understanding of the crisis situation, and rest of the respondents are neutral or not preferred to impact of honest confession on the understanding of the crisis situation.

The extent to which a crisis situation impacts consumer association with the brand



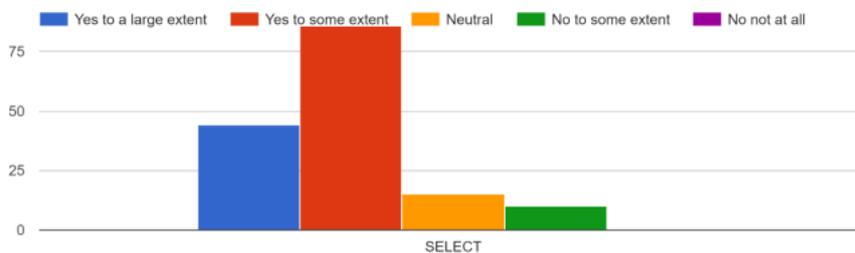
Nearly 50% respondent's decision influence due to crisis between consumer association and the brand, more than 30% respondent's decision strongly influence due to crisis between consumer association and the brand, about 10% respondent's decision are neutral on consumer association and the brand during crisis.

Change in consumer perception of the trusted brand due to one crisis event



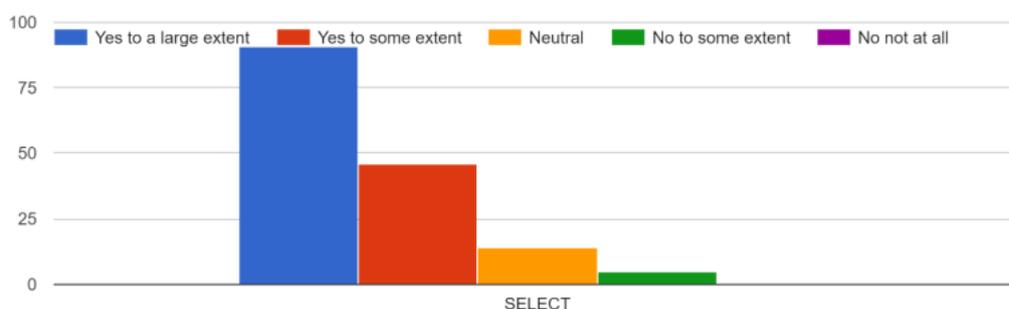
About 51% respondents preferred to change in their perception on the trusted brand due to crisis situation emerged, nearly 20% respondents are strongly favored to change in consumer perception of the brand due to one crisis affair, and rest of respondents are neutral or not in favored to change in their perception of the trusted brand due to one crisis situation.

Consumers’ purchase decisions is impacted if the brand was facing a crisis situation:



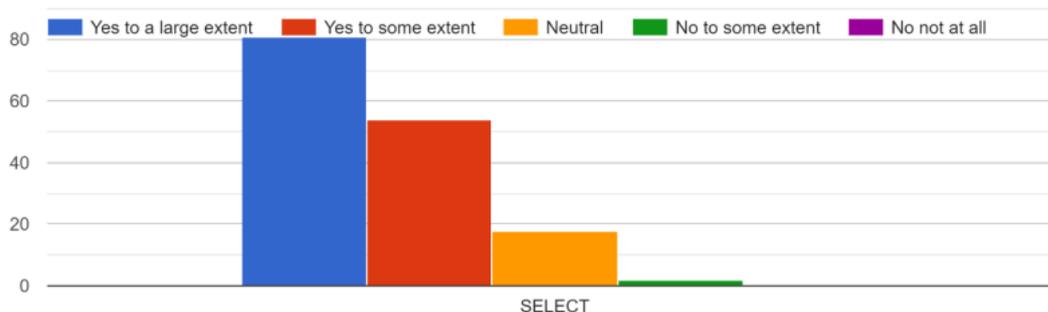
About 50% response in favored of consumers’ purchase decisions is impacted if the brand was facing a crisis, 30% respondents strongly favored in such situation of crisis about consumers’ purchase decisions is impacted with the brand, 11% respondents are neutral on such situation and rest of 9% respondents are negative on consumers’ purchase decisions is impacted if the brand facing a crisis situation.

Importance of consumer to receive constant communication about latest developments with the brand during times of crisis



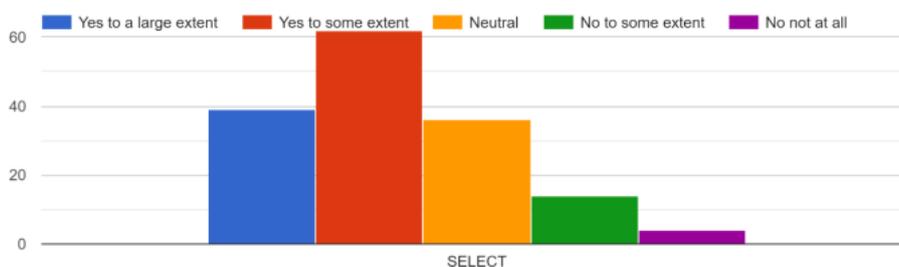
. About 60% respondents are strongly agreed to receive constant communication about developments of the brand during crisis, followed by 30 % respondents to some extent preferred receive constant communication about developments of the brand during crisis, few respondents are neutral on the question to receive constant communication about developments with the brand in the time of crisis. Through communication about brand of the company helps consumer to developed positive attitude towards brand as well as company.

The extent to which advertisements/ PSA’s strengthen consumer association with the brand:



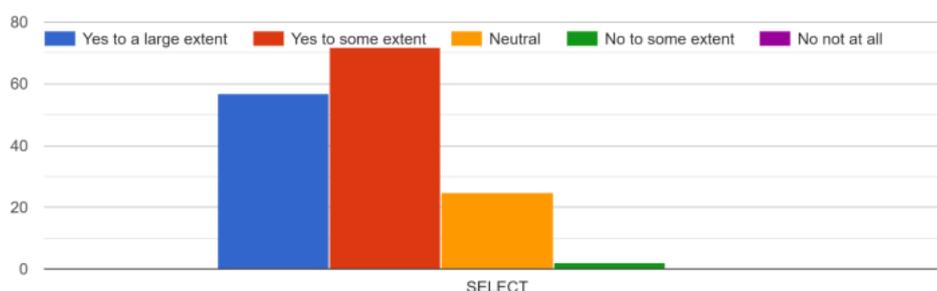
The data has revealed that about more than 50% people favored to a large extent advertisements consumer association with the brand of the company, followed by 33% people preferred to some extent relationship between advertisements consumer association and the brand of the company, about 10% people are neutral on advertisements consumer association with the brand of the company. Advertisements play a vital role in association of people with the company brand.

Change in consumer perception and reaction to the situation based on celebrity association and assurance



The data has revealed that about 39% respondents are favored on perception and reaction to the situation based on celebrity association and assurance of the brand, nearly 29% respondents are strongly favored perception and reaction to the situation based on celebrity association and assurance of the brand, about 18% respondents are neutral on perception and reaction to the situation based on celebrity association and assurance of the brand, and rest of the respondents are negatively responses on perception and reaction to the situation based on celebrity association and assurance of the brand.

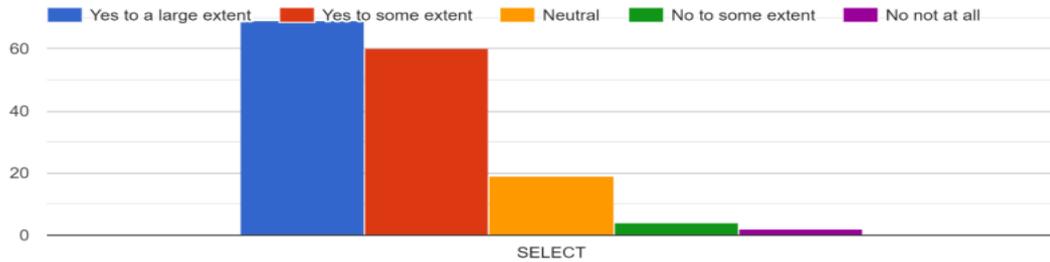
The extent of negative feeling if the brand is not being communicative during times of crisis:



About 50% of respondents says yes to some extent negative feeling arise if the brand is not being communicative during times of crisis, 30% of respondents are of view to large extent about negative feeling if the brand is not being communicative during times of crisis, 15% of respondents are neutral about negative feeling if the brand is not being communicative during

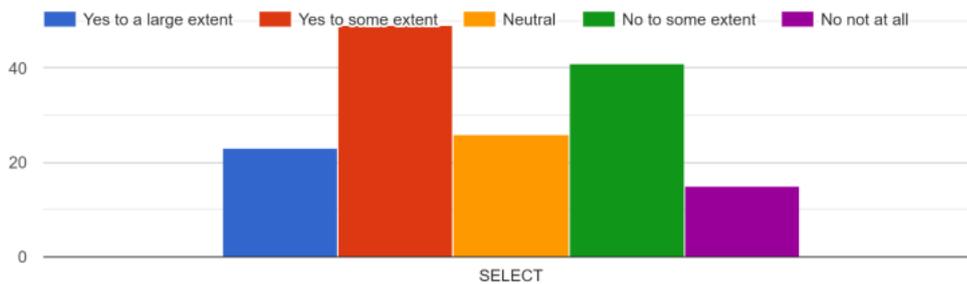
times of crisis. To creates awareness during time of crisis communication plays important role for product of the company.

Consumer Loyalty with the brand stays the same when clear and honest communications during times of crisis is received



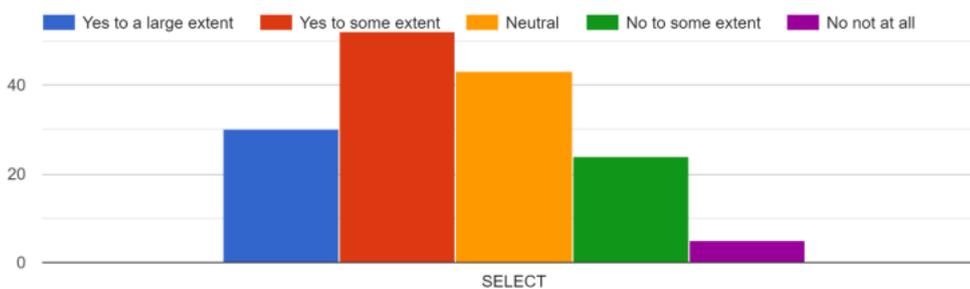
About 45% respondents are strongly support Consumer Loyalty with the brand during crisis when clear and honest communications given by the company, 39% respondents are favored to Consumer Loyalty with the brand during crisis when clear and honest communications given by the company, around 13% respondents are neutral on Consumer Loyalty with the brand during crisis when clear and honest communications given by the company.

Consumer loyalty with the brand stays the same when a brand faces crisis more than once in the recent past



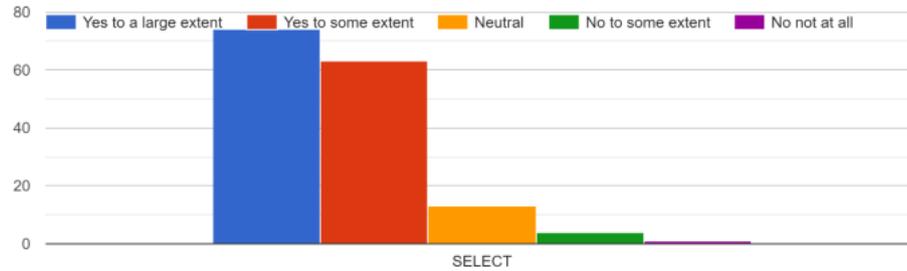
Around 32% respondents positively said Consumer Loyalty with the brand stays the same when brand faces crisis more than once in the recent past, nearly 13% respondents strongly favored to Consumer Loyalty with the brand stays the same when brand faces crisis more than once in the recent past, 35% respondents negatively said to Consumer Loyalty with the brand stays the same when brand faces crisis more than once in the recent past, and 16% respondents are neutral on Consumer Loyalty with the brand stays the same when brand faces crisis more than once in the recent past.

Consumer continues to believe the brand during the time of crisis:



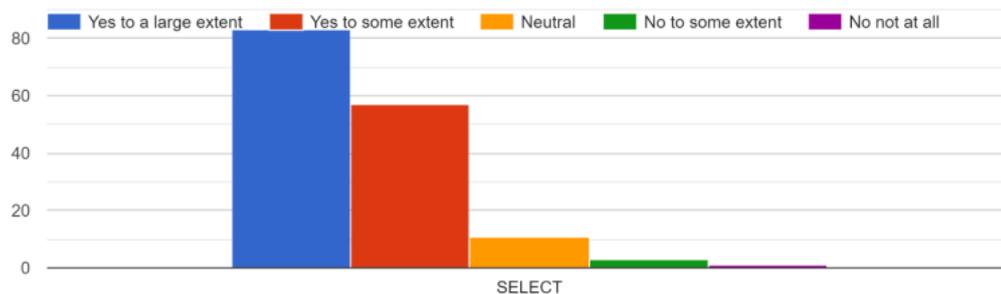
About 45% respondents positively support to consumer believe the brand during the time of crisis, in which 19% respondents strongly favored to consumer believe of branding during crisis, around 29% respondents are neutral on consumer believe the brand during the time of crisis, about 19% respondents negatively support to consumer believe the brand during the time of crisis.

Clear and honest communication helps maintain the consumer brand perception:



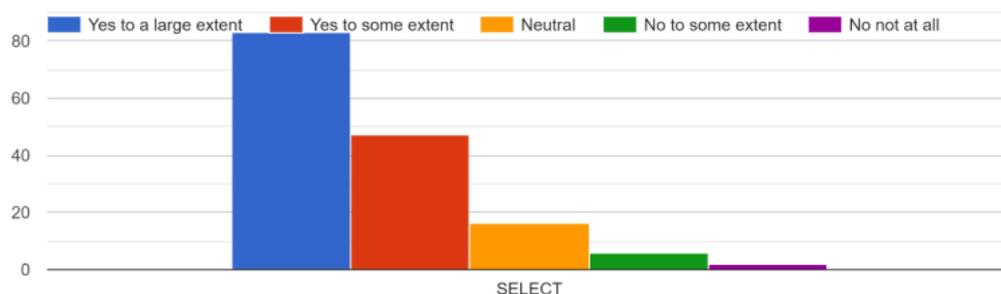
Around 45% respondents strongly favored Clear and honest communication helps in maintain the consumer brand perception, 39% respondents are preferred to Clear and honest communication helps maintain the consumer brand perception, 13% respondents are neutral on Clear and honest communication helps maintain the consumer brand perception, only 3% respondents are against the view of Clear and honest communication helps maintain the consumer brand perception.

Clear and honest communication retains consumer trust in the brand



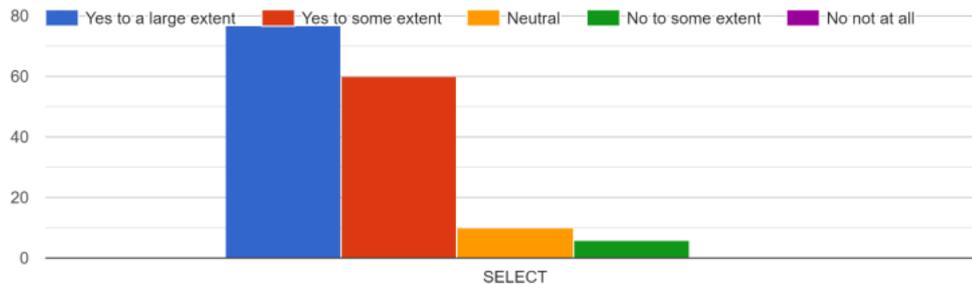
Almost 51% respondents strongly said Clear and honest communication retains consumer trust in the brand, about 39% respondents favored to Clear and honest communication retains consumer trust in the brand, 6% respondents are neutral on Clear and honest communication retains consumer trust in the brand and nominal respondents against on Clear and honest communication retains consumer trust in the brand.

Consumer stops associating with the brand if the brand is felt to be hiding critical information during times of crisis



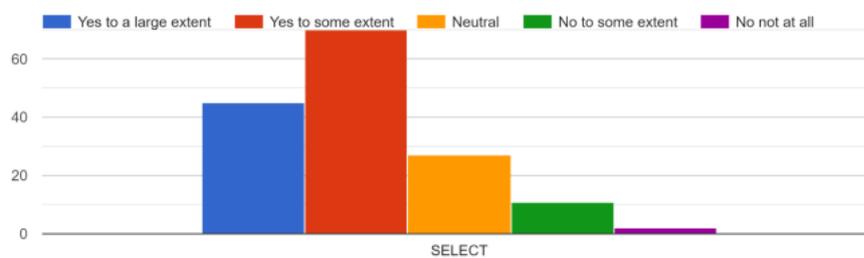
To a question on Consumer stop associating with the brand if the brand is felt to be hiding critical information during times of crisis. 53% respondents are strongly support the view of Consumer associating with the brand if the brand is felt to be hiding critical information during times of crisis, about 31% respondents favored to Consumer associating with the brand if the brand is felt to be hiding critical information during times of crisis, 10% respondents are neutral on receiving information by the government about maintaining personal health and hygiene.

Direct communication from top executives helps build trust during time of crisis



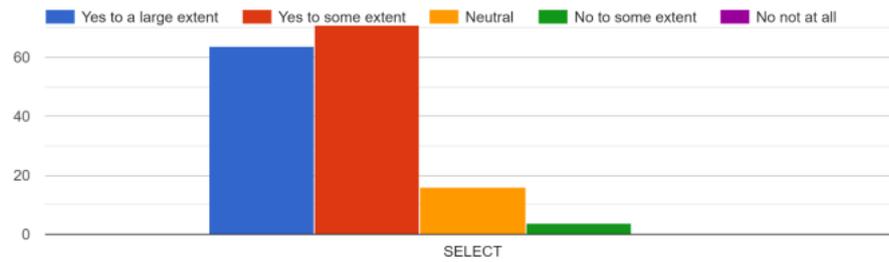
To a question on direct communication from top executives or head of the company helps build trust during time of crisis. 48% respondents strongly support direct communication from head of the company helps build trust during time of crisis, 39% respondents preferred direct communication from top executives of the company helps build trust during time of crisis, 6% respondents are neutral on direct communication from top executives or head of the company helps build trust during time of crisis and only 3% respondents say no to direct communication from top executives or head of the company helps build trust during time of crisis.

It is important for the consumer to stay connected and track the progress of the situation emerging of the brand from crisis



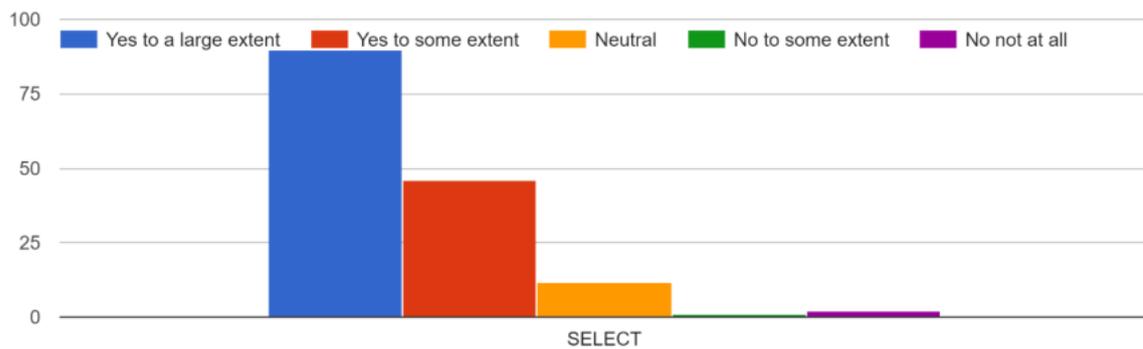
About 70 % of the respondents support the opinion that consumer to stay connected and tack the progress of the situation emerging of the brand from crisis, 29% respondents strongly of the view that consumer to stay connected and tack the progress of the situation emerging of the brand from crisis, 18% respondent are neutral on consumer to stay connected and tack the progress of the situation emerging of the brand from crisis and 8% respondents are not in support to consumer to stay connected and tack the progress of the situation emerging of the brand from crisis.

The consumer is likely to stay with the brand if timely and honest communications during times of crisis is received



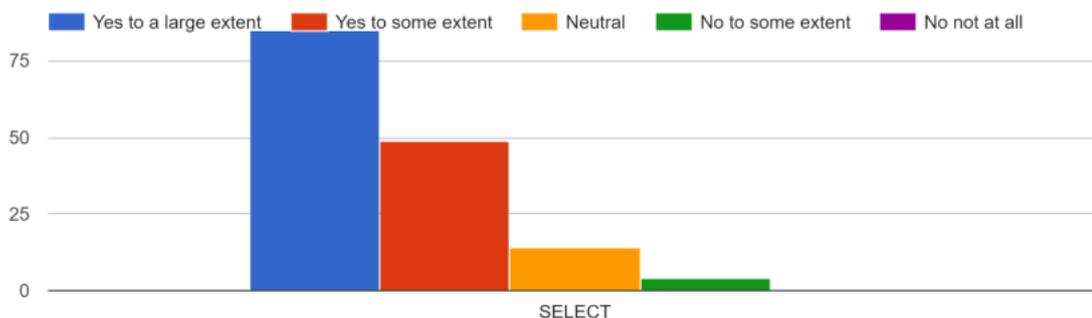
About 41% respondents are strongly support the view of consumer received timely and honest communications during times of crisis will stay with the brand, 45% respondents favored the opinion of consumer received timely and honest communications during times of crisis will stay with the brand, 10% respondents are neutral on consumer received timely and honest communications during times of crisis will stay with the brand and very few respondents against the view of consumer received timely and honest communications during times of crisis will stay with the brand.

It is important for the brand to reach out to the consumer when the crisis is over to ensure a smooth transition:



In the given data, about company brand to reach out to the consumer when the crisis is over to ensure a smooth transition 90 % respondents are strongly supported the belief to reach out to the consumer when the crisis is over to ensure a smooth transition, 29% respondents favored to reach out to the consumer when the crisis is over to ensure a smooth transition, 10 % respondents are neutral on view to reach out to the consumer when the crisis is over to ensure a smooth transition.

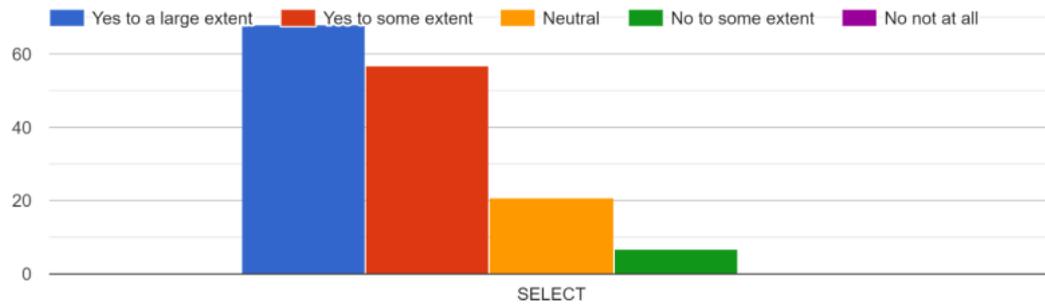
Role of mass media during crisis:



In a question, on Mass media plays an important role during crisis. 55% respondents strongly favored that during crisis mass media plays a vital role, 32 respondents are of the view that mass media plays an important role during crisis, about 8% respondents are neutral on mass

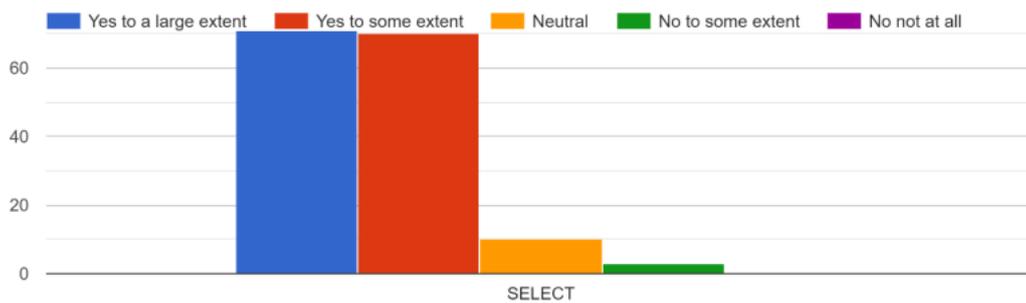
media plays an important role during crisis. Nominal against of the view that mass media plays an important role during crisis.

The portrayal of crisis by the media is generally believed



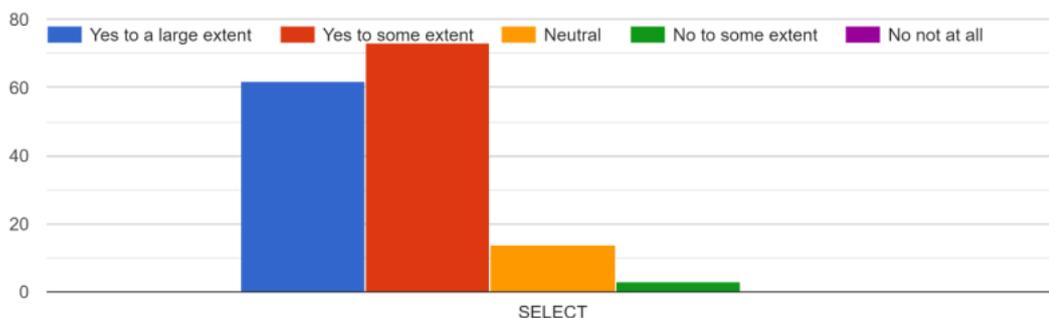
About 44% respondents strongly belief that media portrayal the crisis, 37% respondents are favored on portrayal of crisis by the media is generally believed, 13% respondents are neutral on portrayal of crisis by the media is generally believed and 3% respondents are against of the view that portrayal of crisis by the media is generally believed.

Media portrayal affects consumer perception, understanding of the crisis situation



Almost 45% respondents strongly support that in the crisis situation media portrayal affects consumer perception, understanding and analyzing, 45% respondents also favored the opinion that media portrayal affects consumer perception, understanding and analyzing during crisis, 6% respondents neutral on media portrayal affects consumer perception, understanding and analyzing in the crisis. Very few of the respondents are against the opinion of media portrayal affects consumer perception, understanding and analyzing during the crisis.

Social media availability and interaction of a brand during crisis is more effective and reliable:



Keeping the consistency in the response, on social media availability and interaction of a brand during crisis more effective and reliable almost 45% respondents preferred to social

media availability and interaction of a brand during crisis more effective and reliable, 39% respondents strongly believed that social media availability and interaction of a brand during crisis more effective and reliable. 8% respondents are neutral on view that social media availability and interaction of a brand during crisis more effective and reliable. There was a nominal response against that social media availability and interaction of a brand during crisis more effective and reliable.

3. CONCLUSION

The study of customers' awareness and perception of crisis in consumer oriented companies has revealed that in general the customers are aware about the crisis the companies are facing from time to time. This may be due to the extensive coverage of crisis in major companies. There are a number of instances like the recent Maggie noodles, Coco Cola and Cadbury's, which was extensively covered and discussed in mass media. When asked to recall the crisis ridden company a majority (95 %) of the respondents quoted the 'Jet Airways' crisis. Reacting to the effects of crisis on the company, most of the respondents said the sales and finance are affected most due to crisis.

One of the major strategies in crisis management of a company is effective communication of crisis to all the stake holders, both internal and external. This is in general the responsibility of the PR team of the company in crisis. The study has revealed that customers appreciate prompt communication about a crisis the company is hit with. The respondents were of the opinion that since, customers are most affected; they should be informed first and promptly. According to the study, this prompt communication by companies will go a long way in building the customer trust on the brand and the company. Not only building trust, honest communication about the crisis will also help in customer empathizing with company.

The data also revealed that there is a strong association of crisis with brand name and brand loyalty. A great majority of the respondents felt that crisis in a company strongly influences their association with the brand. Besides, crisis has a telling effect on customers' perception of both the company and the brand. This phenomenon also affects the company's reputation, identity and the image according to the study. This in turn the crisis effects the customers' purchase decisions as well. To this the study has revealed that the best solution to maintain brand name, brand loyalty and company's reputation is constant and effective communication of crisis by the company with all the stake holders and specifically with customers. The customers also felt that wrong and dishonest communication will lead to the development of negative perception of the company and its brand. This would adversely affect long time association and customer loyalty.

The study has also shown that long term customer loyalty is well maintained with honest and timely communication for crisis. Besides, the customer will stay with the company/brand in the event of company facing multiple crises. Customers will believe the company efforts in mitigating the crisis and cooperate with company during and after crisis. Communication efforts will support in building good relationship with the customers in protecting the brand name and brand loyalty reveals the study. One most important finding of the study is the need for direct communication company's top executives with all stake holders and customers. This direct communication from top executive will support in building customer trust and sustains the company reputation. The study also warns that hiding of information during and after crisis will adversely impact the company and may have a permanent damage to the company's reputation.

Crisis communication has another important aspect to it. It is the role of media during company crisis. The study reveals that media relations during and after crisis is of utmost importance. The study shows that good media relations will help the company in reducing

media criticism and hence mitigate negative public perception of the company. The research clearly indicates that media portrayal of crisis ridden company is critical to stakeholder's perception of the company. Media portrayal affects consumer perception, understanding and analyzing of the crisis situation. Customers in general believe the media portrayal the crisis and create their own opinion and image of the company. It is important for the consumer to stay connected and track the progress of the situation emerging of the brand from crisis. It is also important for the brand to reach out to the consumer when the crisis is over to ensure a smooth transition.

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