



## Reputation Management: A Tale Of Two Companies

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I've been thinking a lot about customer service, accountability, expectations and their relationship to communications. Recently in Canada and North America, we have had two examples of remedial approaches to service errors. Both examples posed a threat to reputation and brand loyalty and the differences in the two responses are quite significant.

Last fall, [Loblaws, a national grocery chain in Canada](#) admitted to defrauding customers by price-fixing bread. In an effort to remediate its brand, it offered customers a \$25 gift card as compensation.

The offer wouldn't preclude a class action suit, but if you asked for and received a gift card, the \$25 would be deducted from any settlement you

would receive. The gift card was a pre-emptive PR strike since the company faced considerable criticism for admitting to the price-fixing after collaborating with investigators.

### Loblaws changes the rules

Customers registered their claims on a website beginning in January 2018 and in March the company began sending out the gift cards. Despite asking people for their home addresses and birthdays, [Loblaws then asked selected registrants to provide additional identity records](#) such as their driver's license or their utility bills as a way to prevent fraud. Loblaws says the [personal information requested will be stored and later destroyed](#) properly.

With so many privacy breaches making the news, consumers aren't quite so ready to hand over their private information. Far from the rising wave of delighted customers talking about their \$25 cards, Loblaws now faces a huge swell of

angry Canadians revising their tolerant stance and embarking on a company boycott.

Loblaws now faces a second blow against its reputation. Any goodwill it had started to generate is dissipating because the public believes the company is engaging in empty gestures.

### Lack of good faith

The idea behind the card was to show Loblaws had seen the error of its ways in engaging in criminal behaviour. Asking for additional identification suggests a lack of good faith in practice towards its customers, whom we assume Loblaws wanted to keep by making the offer in the first place.

This error in judgment is no small thing. The grocery dollar is not one to dismiss. With marketing giants like Wal-Mart offering large, well-stocked grocery aisles, Loblaws is facing stiffer competition. If people were skeptical of the offer before this happened, they are even more skeptical now. Many are openly saying they will now spend their food budget anywhere but Loblaws.

That's bad news for the company and [a warning shot across the bow for other agri-food giants](#). Customer loyalty only goes so far. And with the internet archiving such coverage for the future, customers aren't likely to forget quickly the phony-baloney sandwich Loblaws tried to put on their plate.

### Book publisher gets called out for errors

Now let's consider Ten Speed Press, a publisher that started as a small independent company that joined a larger company in 2009. It's known for publishing smart, sometimes quirky books like the hugely popular self help guide *What Colour is Your Parachute?* and the runaway decluttering bestseller, *The Life Changing Magic of Tidying Up*.

Ten Speed is also the company that brought Yotam Ottolenghi's gorgeous cookbooks to Canada in association with Random House's cookbook line Appetite. Last summer, his fans eagerly awaited the release of his first book devoted to desserts. Titled *Sweet*, it was on everyone's wish list, including mine. I was lucky enough to get a copy for my birthday, and I

eagerly bookmarked recipes to try once the Christmas holiday rush had passed. I'm glad I waited as just before Christmas, Ottolenghi's Facebook page noted there were errors in some recipes in the North American edition (all other editions were okay). Temperatures were incorrectly converted, baking times were off, and some recipes had errors in the process or ingredients.

Sometimes these sorts of mistakes are caught before distribution and a slip is inserted detailing the errors and omissions. Sometimes they are caught after distribution, and the list gets published on the author's website. Take Jeff Hertzberg, M.D.'s best seller *Artisanal Bread in Five Minutes A Day*. The 2007 edition has almost [two dozen errors](#), which have been corrected in later editions. But people who bought the 2007 edition of the book have to update their copies by hand, or print off the list and make sure it isn't separated from the book for future reference.

Ten Speed could have been content to do the same as others, and in fact [it did](#) publish and share widely a list of corrections. But the company went further, and I suspect, it was because of the value attached to Ottolenghi's brand. The publisher offered any owner of the \$45 hardcover edition a replacement by writing to Ten Speed. The offer received publicity in the *Toronto Star* and was shared widely on social media.

I duly wrote to Ten Speed and immediately received a prompt reply detailing the three ways I could offer proof of purchase. These were: a photograph of the back of the book, which includes the barcode, a Photograph of the copyright page, OR a photograph of your receipt. I sent off my proof on March 22 and received a reply accepting my request and notifying me I would receive my replacement by mid April.

On March 28, less than a week after this exchange, I received my new book, complete with an autographed bookplate, a letter of apology, and a beautiful olivewood mixing spoon. When I shared my experience on Facebook, a friend posted he was off to search out Ten Speed as "good people need attention."

### Lessons learned

So what can we learn from these two situations? First, both companies made it easy for customers to connect with them. Second, both companies

offered remediation. Third, both companies required information for the offer.

Yet the outcome is quite different for each. I find three problems with the approach used by Loblaws:

**1. Lack of open communication** – Where things went wrong for Loblaws was in communicating its change in the rules. The company created an expectation and then failed to fulfill it for a significant number of its customers. In contrast, Ten Speed fulfilled and exceeded the expectation for its customers. Managing expectations is about accountability. If you cannot meet expectations you create, what does that say about your commitment to being accountable?

**2. Lack of consistency** – When you fail to meet customers' expectations, you cannot be surprised when people get upset. Despite the fact that Loblaws owned up to its fraud in price fixing, the company did not follow through consistently on its offer to make good. Back in December 2017, Loblaws communications vice president Kevin Groh said, "The card is an effort to show our customers that we take this issue and their trust seriously. All of the terms and conditions of the program will be clear when card registration begins January 8." By later demanding additional personal information to avoid fraud from the very customers it defrauded, the company has now created another problem that threatens to eclipse the original issue.

**3. Lack of transparency** – Some people suggest the bread price fixing cost to customers is closer to \$400, not the \$25 compensation offered by Loblaws. For me, being transparent is not just about showing and telling everything that's going on behind the scenes. It's about being the kind of corporate citizen who understands business is more than the product.

So if you want to avoid the pickle Loblaws is in, remember to be consistent, honest, proactive, and present in all aspects of business. Like Ten Speed in fact. Share the information people can use in a clear and timely fashion. Act responsively and responsibly. Most importantly, always follow through.



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