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**A study of how companies manage crises on
Facebook**

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Preface

We would first and foremost like to thank our thesis supervisor, Christian Fuentes for his valuable feedback throughout the entire process of writing our bachelor thesis. Christian has guided us and shown support for our ideas and contributed to the development of the thesis through every seminar.

We are very thankful to Hans Kullin, manager of Social media at Coop that have contributed with essential information to our thesis.

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Abstract

The use of Social media as a marketing tool has emerged quickly during the 21th century. The circumstances for using Social media have changed which have decreased companies' power to control the spread information about them. Social media has also made it easier for companies to reach out to its customers. Thus, the advantages of this new marketing tool seem to have dominated the consideration of the companies. Advantages that same functions actually can turn out as disadvantages are being forgotten and companies are more frequently today being criticised through Social media.

The purpose of this thesis was to identify how companies manage crisis situations through Facebook. To accomplish this purpose two companies' external communication during selected crises has been studied. Interesting to reveal in this study was if the observed companies had established a strategy for managing the crises and in what way they chose to approach customer demands.

A Netnographic, qualitative research approach is utilized in this study. The main method was observations of two companies during three months. Analysing the observations, categorisation of the collected data according to the Crisis Life Cycle (Fink, 1986) was made to facilitate the comprehension in the thesis.

Different strategies for managing their crises could be identified among the companies. Further, not being aware of what threats Social media can bring and being unprepared for managing crisis situations through Social media among the companies has been confirmed.

Conclusive, there is a lack of research in the field of crisis management through this so attractive Social media platform. In our volatile business world, companies have a need of preparing themselves for how a crisis can develop on Facebook.

Key words: Facebook, Social media, Crisis management, Findus and Coop

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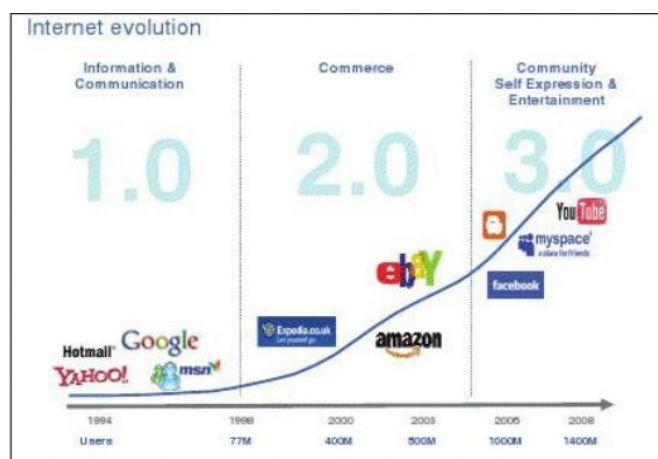
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Chapter 1 – Introduction

This chapter will give the reader an insight of the purpose of the study and its background problem. The introduction presents the topic of Social media and its development during the recent years. Previous research on crisis management will briefly be introduced to give the reader an insight on a fundamental topic of the study.

Social media is media for social interaction and differentiates from traditional media in aspects of performance, frequency and reach. The rapid development of Social media has made it possible to communicate with people from all around the world (Mangold & Faulds, 2009) where the opportunity to interact with stakeholders without spending a penny on it has been given to companies (Ström, 2010). Social media have introduced pervasive changes to communications (Kietzmann et al., 2011) and it is clear that the topic of Social media is a subject that has attracted a considerable interest.

The Swedish Agency for Economic and Regional Growth has compiled a report (2009) of the history of Social media through a Social Media Cycle. The cycle includes three phases. The *first phase* represents the time when Social media first emerged between 1994 and 1998. The main activities during this phase consist of searching and spreading information through web search engines like Google. The *second phase* between 1998 and 2003 is characterized by a trend towards commerce, distribution and communication through platforms like Amazon and eBay. The *third phase* describes the present, which is the *forum for networking and two-way communication*. Self-expression and entertainment are the main activities taking place in Social media today. Facebook, Twitter and LinkedIn are three examples of Social media platforms that have become a part of everyday life on the web. According to the report, these three platforms are most common used in companies' market strategies.



Source: Swedish Agency For Economic and Regional Growth (2009)

However, despite the interest in Social media, issue has not received much scholarly attention. Books and articles highlighting the opportunities in Social media clearly dominate the research on the field. Safko (2009), Tuten (2003) and Clapperton (2009) among many other authors write about how to take advantage of these opportunities. Managers are also encouraged to invest in employees in form of instructing them in the opportunities that Social media gives (Berthon et al., 2011). Figuring out the strategy of using Social media before integrating it to a company's marketing strategy is however recommended (Wilson et al., 2011).

Since marketing through Social media is becoming more interesting, the availability of linking and re-posting makes it easier for consumers to criticize companies. Companies are being exposed through shared posts and pictures on Facebook, Twitter and other Social media platforms which can reach millions of people within hours. Furthermore, negative critiques are inherently interesting and shareable (Fournier and Avery, 2011). The fact that companies have taken the position as observers where the ability to control what is published about them is beyond their control (Kaplan & Haenlein, 2010) the risk of a crisis through Social media has increased.

Much of the crisis management research is focused on how a company technically can manage a crisis. Further, the majority of this literature explains the importance of implementing a crises strategy. Other researches focuses on managing crises such as political (Ridell, 2012), organisational (Sheldene, 2005) and financial (Chambers, 2009). Khodarahmi

(2009) is one of the authors who explain the importance of planning and expecting the unexpected, preparing for crises and the strategies involved in that planning. Finally, other research deals with the information of crisis management teams and relevance (Pearson & Clair, 1998), scenario planning (Grant & Jordan, 2012) and the perceptions of a crisis (Penrose, 2000). Such valuable researches in crisis management are too few to provide information about how to manage crises through Social media. The fact that a crisis is an unexpected situation that threatens to have a negative impact on an organization's finance and reputation (Coombs, 2007) makes this topic important to highlight.

1.1 Background problem

As Social media develops and becomes more popular among private users and companies, this is unarguably a field that need to be studied further on. Today, there is an optimistic view of the use of Social media and less attention is given to its disadvantages. As companies' power to control spread information about them decreases and the risk of a crisis increases; knowledge of crisis management on Social media becomes necessary.

Due to the fact that Social media and crisis management are two separately researched topics it is interesting to see how companies manage crisis on Facebook. With scant information about the disadvantages of Social media and crisis management on Social media the research question follows: *how do companies manage crises on Facebook?*

1.2 The purpose of the study

The purpose of this study is to examine how companies manage crisis on Facebook. The ambition is to insert a new perspective into the field of Social media and crisis management. We want to gain deeper insight on how companies meet criticism against them on one of the most attractive marketing tools; Facebook. We will gain this insight by conducting a study on how the two companies; Findus AB and Coop, managed their crises where they received massive criticism on Facebook. To identify the strategies of the companies, the intention is to characterise what kind of criticism the companies received and in what manner the company responded to it. The selection of companies and detailed information about their crises will be presented in chapter 2.

By this study we want to bring attention to companies and future research about the importance of knowledge not only about social media but also about crisis management on Social media since it is an unexplored research field.

1.3 The Disposition of the study

Chapter 1 - Introduction

This chapter gives the reader an insight of the development of the phenomenon Social media and how it has contributed to companies' marketing strategies. Previous research about Social media and crisis management does not highlight how companies can manage crises on social media. This led us to the background problem as well as the purpose of the study.

Chapter 2 - Theoretical framework

This chapter gives the reader an understanding of the two most important fields of this study; Social media and crises. The theoretical framework is focused on specific theories associated to Social media and crisis management.

Chapter 3 - Research methodology

This chapter presents the netnographic method and how it is used in this study. The chapter also motivates the selection of companies. At last, the quality of netnography as a method and the reliability of the thesis are assessed.

Chapter 4 - Crisis Life Cycle

This chapter present the empirical data according to the Crisis Life Cycle. The empirical data is based on the Crisis Life Cycle and divided into two parts to facilitate the reader's understanding. The prodrome phase, which is the first phase of the Crisis Life Cycle presents how the crises emerge while the acute and chronic phase describes the impact of the crises and how companies managed the crises.

Chapter 5 - Crisis Management

This chapter is a continuation of chapter 4 and connects the chapters of the theoretical framework and empirical data into an analysis. The analysis is focused on the companies' strategies of managing managed the crises on Facebook.

Chapter 6 - Conclusion

This chapter provides the conclusions and the contributions of the study. The conclusion answers the research question and discusses the results of the study. It highlights contributions and suggestions of topics for further research in the area of crisis management on Social media.

Chapter 2 - Theoretical framework

The theoretical framework reviews previous research of Social media and crisis management, which is important for the reader to comprehend in order to assimilate the thesis easily. The purpose of the theoretical framework is to present the knowledge about the fields of Social media and crisis management but also to highlight how less previous research consists of crisis management through Social media. The theories will be the starting points in the analysis, especially the Crisis Life Cycle.

2.1 Social media

The definition of Social media can be divided into two terms; *Social* that stands for how people interact with each other and *media* that stands for the chosen tools for interaction (Safko, 2010). Social media is however, still in its development and that makes it difficult to actually determine a definition that will be resistant over a long time. Confusion among managers and academic researchers about what the term includes is a fact (Kaplan & Haenlein, 2010). Kaplan along with Haenlein (2010) however defines the term as followed:

“Social Media is a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content”

Web 2.0 is a term that describes the platform World Wide Web. Software developers and end-users have been giving great influence over the content and the opportunities to interact with other users. Further, Web 2.0 gives the opportunity for different types of media contents that are created by end-users to be available on the application. These media contents, named User Generated Content (UGC) have to fulfil three requirements:

- Be published either on a publicly accessible website or on a social networking site accessible to a selected group of people
- Show a certain amount of creative effort
- Be created outside of professional routines and practices

Kaplan & Haenlein (2010) also describe Social media through a classification system (Table 1). On the one hand the system contains three levels of social presence; on the other hand the level of self-presentation. At the lowest level of social presence we have blogs and collaborative projects that only allows for simple exchanges. The next level represents social networking sites like Facebook and content communities such as YouTube, which unlike the lowest level enables sharing of pictures, videos and other forms of media. At the highest level, virtual social worlds and virtual game worlds (e.g., World of Warcraft) are being presented. There is a correlation between the presence in a conversation and the influence of the interaction where a higher presence between the partners generates a greater influence on each other's behaviour.

Table 1- Classification of Social Media

		Social presence/ Media richness		
		Low	Medium	High
Self-presentation/ Self-disclosure	High	Blogs	Social networking sites (e.g., Facebook)	Virtual social worlds (e.g., Second Life)
	Low	Collaborative projects (e.g., Wikipedia)	Content communities (e.g., YouTube)	Virtual game worlds (e.g., World of Warcraft)

Source: Andreas M. Kaplan & Michael Haenlein (2010), p.62

2.1.1 Social media strategies

Strategy is a plan, method, or series of actions, designed to achieve a specific goal or effect (Grant & Jordan, 2012). Common to definitions of business strategy is the notion that strategy is focused on achieving certain goals; that the critical actions that make up a strategy involve allocation of resources; and that the strategy implies some consistency, integration or cohesiveness (Grant & Jordan 2012). However, there are no static strategies (Mintzberg, 1998) and since the business environment has become more unstable and unpredictable, strategies has become less concerned with detailed plans and more about the quest for success (Grant & Jordan, 2012).

Kaplan and Haenlein (2010) point out the significance to take the lead by being active through Social media. Companies should ensure that their content on Social media always is

fresh and discussion with its customers should always be advocated. Social media is less about responding negative comments and defending products offerings. The importance is to be active and engage other in open conversations (Kaplan & Haenlein, 2010). Therefore, companies need to give a reason for its customers to engage with them by listening to them in order to reveal what they might find interesting and valuable. The next step is then to suit the content to what fits the customers' needs (Kaplan and Haenlein, 2010).

2.2 Crises

Quarantelli (1988) defines crises as highly complex situations where the causes are unknown. A crisis emerges when the companies' stakeholders perceives that the company is involved in a crisis (Coombs, 2007). A crisis is an unpredictable situation that impacts on a company's reputation and credibility and every company has the potential to experience as least one crisis (Mitroff et al., 1987).

The globalisation has contributed to turbulent and rapid changes for companies that increase the risk for companies to experience crises (Seeger, Sellnow & Ulmer, 2001). Dilenschneider and Hyde (1985) explain the primary cause of this turbulence as the lack of preparation of crisis planning. Even though companies are experiencing crises themselves or witnessing other companies' crises, they are not completely prepared to manage them (Coombs, 1999).

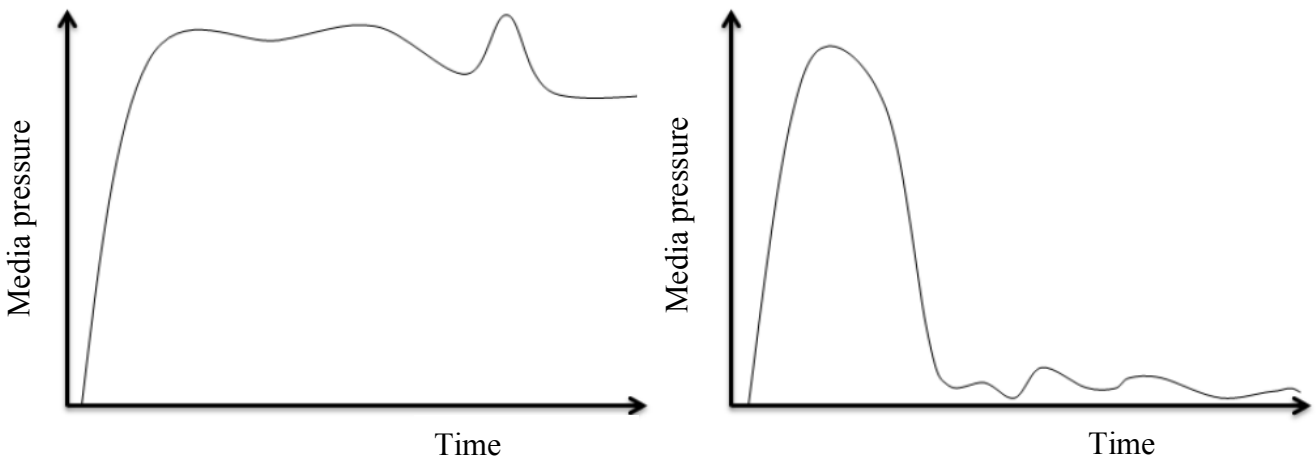
2.2.1 Crisis management

Crisis management is the process that aims to prevent and reduce the negative impacts of a crisis in order to protect the company and its stakeholders. It includes the entire process from identifying a crisis to concrete actions. To prevent and limit crises Coombs (2007) remark that companies should develop systems and understanding to anticipate crises before they occur. Companies can do this by scenario planning that includes evaluations of potential crises and educating employees in crisis management.

Hammerskog (2005) argues for that the crisis communication is the most important part of the crisis management process. Hammerskog (2005) states that companies must inform employees, authorities and the public when a crisis emerges. Furthermore, companies should be aware of the importance of establishing communication strategy since it can decrease the media pressure faster (Hammerskog, 2005).

In the case of a weak crisis communication

In the case of a well-established crisis communication

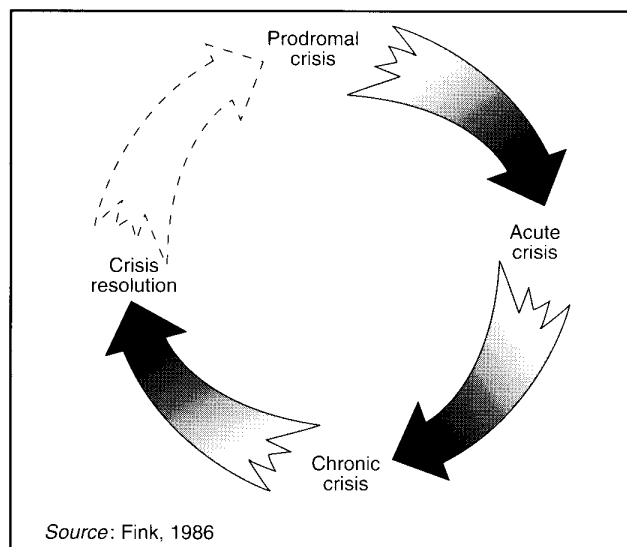


Source: Hammerskog (2006), p.62

2.2.2 Crisis life cycle

As marketing researchers and companies used the product lifecycle to analyse and interpret products and markets, Fink (1986) developed the Crisis Life Cycle model to gain a greater understanding of the different phases of a crisis. Fink (1986) states that crises can be viewed as a disease since crises can come in pairs or bunches.

The model presents four distinct phases, the *Prodromal crisis*, the *Acute crisis*, the *Chronic crisis* and *Crisis Resolution*. Not every crisis will experience all four phases. The durability of a crisis depends on how well prepared a company is to manage it.



Prodromal Crisis

The first phase of the Crisis Life Cycle can be identified as the pre-crisis phase that can vary in appearance. The stage can either be *apparent* or *oblique*. An apparent prodrome is predicted and creates awareness by the company and its stakeholders. Therefore it is easy to identify an apparent prodrome. It is almost impossible to identify an oblique prodrome since it is the opposite of an apparent prodrome and companies does not perceives it as threaten to the organisation.

It is easier to control and manage a crisis in the prodrome phase but this does not happen often since many companies fail to act (Fink 1986). The reason why a prodrome is important to catch is that it is much easier to manage a crisis during this phase. It is reliable and safer to take care of a problem before it develops to the acute phase where it causes possible complications.'

The Acute Crisis

The second phase is described as the shortest but most damaging phase of the Crisis Life Cycle and the point of no return. Fink (1986) claims that once the Prodromal phase end it is impossible to recover the ground a company already lost. The speed and the intensity in the acute phase is the major difficulty the crisis management. The intensity of the crisis is usually determined by the severity of value of the possible outcome while the speed is dependent primarily on the type of crisis that emerges. Because of the intensity, the acute phase often may feel as the longest phase.

The Chronic Crisis

The chronic phase occurs when companies reacts to the crisis and undertakes actions. This phase can linger indefinitely but can be shorten by crisis management. Fink (1986) states that companies without a crisis management plan will suffer two and a half times longer than companies that are prepared with a crisis management plan.

The Resolution

The final phase is reached when the impacts of a crisis does not impact on the company any longer. For some companies it may take years before they reach the resolution phase and some companies does not reach it at all. The final phase is the crisis management goal during the preceding three phases. Fink (1986) states that companies should be aware of the difficulty to see where and when one crisis ends and another begins.

2.3 Summary

The theoretical framework contains two main subjects that the thesis considers. First presented is Social media that still is a term that managers have not fully gripped. Social Media is a tool of the 21th century that constantly changes and that has given companies opportunity to approach stakeholders in a new revolutionary way. Interacting on Social media platforms as Facebook also means having a plan, designed to achieve a specific goal with this action (Grant & Jordan, 2012). Certainly in the constantly changing business environment that companies today are operating in, strategy is less about detailed plans and more about the quest for success (Grant & Jordan, 2012).

The usage of Social Media among companies has increased the risk of experiencing a crisis. A crisis can be divided according to the Crisis Life Cycle model (Fink, 1986), where four phases from the beginning of a crisis to a resolution includes. According to Coombs (2007), crises are unpredictable and emerge when stakeholders of a company perceives that the company is involved in a crisis. It is therefore important to always be prepared (Coombs, 2007). The crisis communications is according to Hammerskog (2005) the most important part of the crisis management process.

Chapter 3 - Research methodology

In this chapter we will outline why a Netnographic method is chosen and how it has been applied in this study to answer the research question. Netnography will first be described as a method and it will further be describe how the research design is adopted. Finally we will evaluate netnography as a method and assess the reliability of the thesis.

3.1 The studied companies

The study is based on observations of the two Swedish companies Findus AB and Coop. Both companies are operating in the same food industry and were involved in a similar situation where both companies sold products that did not agree with the list of content. The both companies are also active on Facebook where similarities and differences between their strategies on Facebook contributed to valuable information in this study.

The crisis of Findus emerged the 8th of February 2013. The CEO of Findus, Jari Latvanen received a test result that indicated that their lasagnes consisted horsemeat. It became a scandal since many customers bought lasagnes from Findus believing that the lasagne contained beef. The customers were particularly perturbed about this which was shown in the wave of hundreds of posts on the company's Facebook page.

Coop was involved in two small crises that had its background in customers' dissatisfaction in the selection of products that Coop has made. The first occasion concerned the several times that the meat Coop was providing in their stores contained salmonella bacteria. The other occasion concerned customers' complaints about Coops' choice of importing milk where they assumed that Coop damaged the nature and contributed to bankruptcy of Swedish farmers.

3.2 Netnography

The qualitative method called netnography that is used in this study is an interpreting approach of online market research. Netnography derives from the anthropological approach ethnography that traditionally has been used in researches such as sociology, anthropology, ethnology and more recently, media and communications studies. What characterise

ethnographic research are the detailed descriptions and interpretations of a situation. The questions that ethnographical approach is trying to answer are often concerns about people's actions and coordination in certain situations (Ekström, 2000). The method contributes to interpretations and insights in people's interactions on Internet.

We concentrated our research on Facebook because the majority of the criticism and the interaction between the companies and its' customers occurred particularly through this Social media platform. This chosen method is suitable for the required data collection we need to answer our research question because *"It tends to focus on the analysis of specified online communities where these are 'computer mediated social gatherings'"* (Kozinets 2002, p.61).

The main activity is to observe companies' communication-strategy on Social media through a social network analysis, which allows us a broader insight on the 'ties'. Kozinets (2010) describes 'ties' as the relationship between the actors, which in our study are the chosen companies and its customers. This method is a structural method that focuses on the pattern of the 'ties'. The distinct resources that are communicated between these 'ties' can be textual, graphical, photographic or audio-visual. Kozinets (2010) further states that this method embrace sharing of information, providing companionship and discussions.

3.2.1 Observations and Interviews

We concentrated our research on Facebook because the majority of the criticism and the interaction between the companies and its' customers occurred particularly this Social media platform. This chosen method is suitable for the required data collection we need to answer our main question because *"It tends to focus on the analysis of specified online communities where these are 'computer mediated social gatherings'"* (Kozinets 2002, p.61)

3.2.2 Observations

We divided the research question into three parts to facilitate the observations. These three parts generated another aspect to discuss; which period should be observed? We found that observing the companies from the time when the crisis occurred to three months after the crisis was essential to answer the research question. This method provided us with knowledge to identify and analyse the companies' actual strategies and the interaction between the companies and its customers.

The collected information from the studied companies was reviewed and analysed in a similar and comparative manner. The customer's posts were observed on the companies' Facebook pages to get a qualitative insight of how the companies' messages were perceived. The first part was to study what types of criticism the companies received in order to see how the companies approach to those. This part represents the time when the crisis occurred and how it emerged which led to the second part of the study where how the companies managed the criticism was investigated. This was made by observing their answers to posts, uploaded posts and other statements. The third and last divided part was to observe how the companies followed up and managed the post-crisis. To present the collected data chronological, we applied it to Fink's Crisis Life Cycle (1986) in the analysis. We integrated the analysis with primary and secondary data of previous research of Social media and crisis management. This approach was also conducted to give the readers a better understanding of the study.

3.2.2.2 Interviews

To get an overall picture of the companies' strategies, we wanted to complete the observations with interviews through e-mail to evaluate if the observed strategy was in line with their pronounced strategy.

We carried out an e-mail interview with Coop's managers of Social media, Hans Kullin. Unfortunately Findus denied our request for an interview due to a reorganisation.

3.3 Analysis of the collected data

To analyse the results, guidelines from Kozinets (2010) and recommendations from Miles and Huberman (1994) was combined. The analysis of the primary data was introduced by in the first step to *code* the data due to the similarities that was found among the posts of the customers of the both companies. Further on we *reflected* the coded data to sort out irrelevant information and to highlight similar phrases, common sequences and differences. To identify a relation in the crisis process, the collected data was divided into the three parts that are mentioned before; *what kind of posts the companies received, how the companies managed those posts and their strategy during the whole crisis*. The primary data and the secondary data was intertwined in order to adapt and give the analyse credibility.

During this process the data was analysed from a hermeneutic approach. We sought for interpretations that were cohesive and comprehensible for our analysis. The collected data was integrated through selective coding (Strauss & Corbin, 1990). The data were taken to a higher level of abstraction to later on specify relations between the data and certainly between the studied objects.

3.4 Research Quality

Trustworthiness is a fundamental criterion for this research. This criterion contains four aspects: dependability, transferability, credibility and conformability (Eriksson & Kovalainen, 2008) that will be evaluated in this section. The collected data have been sorted out chronologic due to the represented period of the crises to present the data in a logical way. The data has also been documented to consolidate the dependability in the thesis.

We believe that the study can be related to other studies in this field, which is clear throughout the thesis. In the theoretical framework a description of previous research is completed and gives the reader an insight in the gap we are filling in the research area. It is worth to mention that the *transferability* further on depends on the person who decides to use the material of our thesis in another context.

What can be discussed in the criterion of the *credibility* is the interpretation of the collected data. The limitations that can be found despite the many advantages that observations bring, is the motives, attitudes or intentions behind the actions of the companies (Aaker, 2004). The companies' perspective of the crises was what we tried to find out by doing interviews with both companies. However, this could unfortunately only be conducted with Coop.

As mentioned before, the findings of our study has been presented in a logical way. This contributes to make the thesis *confirmable*. The chronological presentation in the analysis gives the reader the possibility to easily follow and understand the interpretations in the thesis. The empirical data has been combined with previous research during the analysis to make the linking of the findings clear.

Finally, the articles have been critically reviewed and academic articles have been prioritised to create a credible background for the analysis. The main method that has been observations has given an insight to the real actions of the studied objects with an objective perspective.

The result of the study may not be sufficient for every case of crisis situation (Aaker, 2004), since every crisis depend on the companies' strategies for crisis management. This study has a purpose to give an insight in how a crisis situation can emerge and develop and how the crisis situations were managed.

Chapter 4 – Crisis Life Cycle

The following chapter presents the empirical data that has been collected through the social network analysis that has been described in previous chapter. The observed posts from the companies and its customers will be presented in a summarized form. This chapter is divided into four parts, which are the phases of the Crisis Life Cycle. We will present the empirical data combined with the analysis in order to decrease reiteration and make it easier for the reader to understand the context.

4.1 The Prodromal Crisis – the break out

The first phase describes the companies' first approaches when the crises emerge. The situations of the companies' were as earlier mentioned essentially the same since both companies' sold products that did not comply with the list of content. The meat Coop sold contained salmonella bacteria and Findus' lasagnes were made of horsemeat, which resulted in criticism from its customers. Coop were also criticised for their choice of not selling milk from Swedish farmers. The companies experienced an *oblique* prodrome phase and could not predict these crises. However, despite these similarities we could observe two distinct ways in which the companies managed the crises.

4.1.1 Findus manages the crisis publicly

The same day that Findus got the test results of their lasagnes containing horsemeat Findus informed their stakeholders about the situation officially on their Facebook page. Revising how Findus framed the situation in their enunciation it can be described as a defensive strategy where they were trying to blame a third part, which was their supplier Comigel.

//..// We wish to inform you of where we stand regarding recent events. The incidents of horsemeat in the lasagne is a fraud that we at Findus been instrumental in revealing. Deceive from some suppliers is a scandal that has affected consumers and you have every right to be upset and disappointed. We at Findus are also deceived, and therefore we proceed with further action.

Findus tried to appear as the heroes in the situation and blamed their supplier instead of taking responsibility for the situation. Findus also highlighted their work in the occurred situation by writing posts containing information about how they were working to prevent similar situations in the future.

“Since last week, we, together with the authorities in Sweden and many other European countries worked to get to the bottom of how the current food forgeries could be implemented. We turn every stone and the picture is now beginning to settle. The French authorities confirmed yesterday that it is about fraud from a supplier in the European meat industry. For us at Findus, it is unacceptable that our consumers have been subjected to this. Findus fraud scandal was revealed by our quality controls. We will continue to be 100% transparent with you in our quality work. //..//”

4.1.2 Coop manages the crisis through denial

Compared to Findus, Coop did not have a major crisis, but a number of ‘small’ ones that the company has been facing during the year of 2013. When the crises first emerged, Coop did not publish anything about these situations on Facebook even though it was requested from its customers. Several customers requested Coop to publish information about when they reverse meat from the stores that contain salmonella bacteria or other products due to danger. Even if Coop argued for their of informing the public through other medias like all Swedish newspapers and the news agency TT to reach out to as many as possible, integrating Social media with the traditional medias could be an option which Kaplan and Haenlein (2010) argues for. What the customers sees is, according to the authors, the *image* of the company whether they have been exposed to it through Social media or traditional media. Integrating Social media with traditional media regardless of the information being negative or positive is therefore important for the image of the company. Considering how Coop framed for example the discovered salmonella bacteria by avoiding informing it through their Facebook page also gave an impression of that Coop *denied* that the situation as a crisis (Coombs, 2007). This can also be noticed by studying Coop’s answers to customers that are complaining about the companies’ choice of products that they were providing:

“Our own milk is an affordable alternative to other Swedish dairy milk in the fridge, something many of our customers require. Alongside you can find Norrmejerier milk, like in your shop to give our customers a choice. We constantly keep track of our supply

of milk in the fridge - so that we supply the products our customers demand. Norrmejerier is an important supplier, and we will also help to distribute their range to other locations in Sweden.”

Coop are not giving the negative opinions of the customers’ space in their answers and were only arguing for why they according to them were acting “right” and in line with their customers’ demands.

4.2 The Acute crisis – the most damaging phase

The acute crisis is the point of no return. It is the shortest but most damaging phase a company experience during the Crisis Life Cycle (Fink, 1986).

In this phase we can outline different ways of managing the crises. Findus acts with an uncertainty, which makes it difficult to frame a clear strategy. Coop, however sticks to their original strategy of communicating through Facebook.

4.2.1 Findus acting without a strategy

The observations indicated that Findus did not have a clear strategy. It is thus, obvious that Findus answered the posts differently depending on the character of the post. The majority of the received posts on Findus’ Facebook page were from angry and disappointed customers. These posts are categorized as *damaging posts* since a majority of them harmed the reputation of Findus’ brand. The fact that the lasagnes consisted horsemeat also led to suspicions from customers of other products ingredients.

“! Scandal! How many illegal horses have you deprived life to become lasagne? / / ... / / who knows? Next time you have perhaps done kallops of dog! And chicken on Cat!? YOU SHOULD BE ASHAMED!!! ... !!”

These posts harm Findus’ reputation hence their brand is associated with fraud, rather than their values; quality and responsibility. Findus managed the situation by reminding its customers of their values and pointing out their legal actions to prevent this for happening again.

The other category that is *emphatic criticism* is critical written posts characterized by loyalty and support. The emphatic criticism posts were written from customers who declared their loyalty but also pointed out their disappointment about the situation. Findus did not answer the majority of these posts. Instead they focused on answering the damaging posts maybe because they intended to regain the trust from very disappointed customers. Even though Findus answered the majority of the damaging posts, many of their answers were identical which gave an impression that they used a 'copy and paste' method. Findus did not seem to put effort in adapting their answers to the customers' questions and opinions. It was only the customers' names that differentiated Findus' answers, which resulted in a standardised interaction.

Despite the categorisation of the posts that Findus received, no clear strategy could be identified since Findus randomly answered the posts regardless of if the posts were damaging or supporting to an extent.

Findus combined answering posts with uploading news of how they were following up the crisis. Findus dedicated posts to the most frequently questions they received, which was *how situations occurred* and *if they had thrown away the lasagnes and why*. Findus still stated that they together with its customers were the ones who got deceived and that they thanks to their suspicion revealed the scandal. They pointed out that the problem had affected the whole branch since ICA and Axfood also sold products that contained horsemeat. By involving other companies' situation instead of focusing on their own, made Findus stand out as irresponsible over what had happened. The customers' criticism increased even more after this statement. To put this differently, Findus assigned the role as a *scapegoat* (Coombs, 2007) to another entity.

Apart from that, Findus kept updating with uploading posts. Among them links to the blog of the CEO of Findus where he wrote about why Findus could not donate the lasagne to dependants like many customers demanded was uploaded. As mentioned before, Findus dedicated a whole post about the recalled lasagnes and also referred to their website for more information. They wrote that they agreed with the idea of donating the lasagnes to dependants but they could not do this since there was no guarantee that the lasagnes were healthy enough to eat. They highlighted that they already were working with charity and referred the

customers to their website for more information. By presenting their involvement in charity is an example of changing perceptions of a company that is a very common strategy during crises (Coombs, 2007).

4.2.2 Coop interacts with its customers

Coop seemed to have a clear strategy when they interacted with its customers on Facebook. In autumn last year Coop introduced a new position in their division of marketing; a Social media Manager. In Dagens Nyheter (27/8-2012)¹ the manager of Social media, Hans Kullin, expressed that the main task with having a Facebook page was to develop the communications and convert to being a company that listens to its customers. Their Facebook strategy is primarily to strengthen the brand to increase loyalty among their customers and members. According to Hans Kullin, Coop will achieve this through dialogue and the opportunity for their customers to influence on the company². Coop has also established a part of their custom service on Facebook that gives their customers the opportunity to have a dialogue with them. They do not leave the customers unanswered and they even apologize for late answers.

The other concern of Coop for not selling Swedish milk in their selection has concerned many customers. Importing milk from Germany would according to the customers, results in negative impact on the environment and on Swedish farmers that in a long term will go bankrupt. A customer claimed in a post that no one benefits from Coop's own produced milk, since it is an inferior product not much cheaper than Swedish milk. Coop answered following:

“Hi. The milk of Coop is produced on Swedish raw milk of our dairy Grådö in Dalarna and by the dairy in Falköping. We have launched our own milk to give affordable alternative to milk from other producers. We also manufacture cream with 40 % of Swedish raw material. We also sell cream that consists 36 % of raw material from Germany. We see no value in producing it in Germany, but when we asked all Swedish dairy companies if they wanted to produce it for us, no one said yes. And at the same time they could not guarantee Swedish raw material in the products. In the long term it is possible that we may produce milk and cream

¹ Thomsen Dante, "Hans Kullin till Coop", Dagens Media (2013-04-18)

² E-mail interview with Hans Kullin (2013-05-02)

on our own dairy, but it is not appropriate in the current situation. The farmers, who supply milk for us, always get paid more for their raw material than the prevailing market price. And our milk is always at least 50 cents cheaper than the other Swedish milk. We think this is a good deal for both our farmers and customers.”

Coop did not really approach the concern of the customer of who benefits from imported milk from Germany. Coop instead gave a statement to why they have chosen to import the milk. Their answers gave the impression that they did not take responsibility of their actions and instead blamed a third part, which in this case were the Swedish dairy companies.

Even though Coop answered every post, they were not listening to its customers (Kaplan & Haenlein, 2010). With Coop’s statement of their intention to actually listen to their customers’ needs, Coop could have used the knowledge they gained in order to satisfy them. In other words they could have informed their customers on Facebook when the crisis emerged. The stress among the customers was in need to be reduced through information of the situation and Coop were clearly lacking in sharing this information, still *denying* the crisis situation (Coombs, 2007).

4.3 The Chronic Crisis – the effects of a crisis

After an emerged crisis there are many actions that a company needs to consider (Gonzalez-Herrero & Suzanne Smith, 2008). This phase represents the companies’ actions after the crisis has cultivated and how the crisis affected them.

As the companies used different strategies during the crises, their outcomes resulted in different impacts on the companies. Since Coop denied the crises during the prodrome and acute phase, the crises never developed into the chronic phase. Already in the most damaging, acute phase, Coop was not as confronted as they were in the prodrome phase. During the chronic phase it seemed like their already had forgotten about the crises. Findus on the other hand was facing a big challenge. Not until the company reached the chronic phase, they got a clear structure on their crisis management.

4.3.1 Managing the crisis through denial continues

In Coop's case, the occurred crises were being 'forgotten'. Customers did not follow up the situations by questioning neither the salmonella bacteria or choose of farmer further and Coop continued with their original strategy of uploading inspirations, competitions and other news and was not giving the crises any attention on Facebook. Coop was acting in the same way as during the prodrome and acute phase that is in line with the respond strategy of *denying* the crises.

4.3.2 Findus distinguishing a strategy

In the beginning of the acute phase Findus used a respond strategy where they assigned the role as a *scapegoat* (Coombs, 2007) to an external part, blaming other actors for the scandal. It was not until the chronic phase Findus took action to regain the customers' trust again. Findus informed their customers on Facebook that they actively were working with the situation of the horse scandal. They arranged study visits for any customer who had the interest to take part of Findus' production process in Bjuv. From this event, Findus uploaded photographs and videos on Facebook. They presented these photographs and videos with continuity. The uploaded videos with the customers and employees of Findus were divided into four parts. The first video was dedicated to apologise all the customers for the incident. It was an employee from the production department that apologised and furthermore invited stakeholders to the study visit. The reaction of a customer to this video where if everything now would be forgotten just because of their arranged study visits which Findus answered to:

"We want our customers to see with their own eyes that the employees at Findus are human beings that are cooking the food, preparing the potatoes, whisking the sauces and frying the meatballs. We want to show who we are and what we stand for. Therefore, we are inviting everyone to come and visit us in Bjuv. Kind regards from Findus"

The customer was not really convinced with the answer of Findus and continued to question the company's actions. He finally stated that the trust to Findus no longer existed. This is a clear example of how the crisis impacted on Findus' brand and reliability. Even though Findus tried to regain the trust we can see suspicions among their customers remain.

The second video consisted interviews with visitors where their perceptions and expectations of Findus was presented. This video was recorded before the study visit. The third video consisted interviews with the employees where they described their pleasure and excitement about inviting their customers to their production plant. At last, Findus uploaded a video that consisted interviews with the same visitors that was interviewed in the second video to show in what extent their expectations were consistent with the actual experience. The interviewed visitors were positively surprised and impressed over how Findus worked. That the study visit was exciting and fun was also opinions among the visitors. Another visitor said that they now associated Findus with security and that the visit felt positive, interesting and caretaking. The process of regaining the customers' trust just began in this phase but the expressions of the customers from the last video showed that the study visit increased the trust and reliability.

Uploading the customers' point of views as Findus did strengthened their brand why customers trust each other more than they trust companies (Zeithaml & Bitner, 1996). It is also known as viral marketing (Kaplan & Haenlein, 2011) where electronic word- of- mouth provides Findus positive marketing, which in this case regained the trust and reliability.

Chapter 5 - Crisis management

This chapter will combine the previous used Crisis Life Cycle to analyse how the companies manage the crises in each phase. Different strategies will appear among the companies.

5.1 Two strategies of managing crises

Kaplan and Haenlein (2010) present a classification system of Social media that measures the level of companies' presence and in which extent they are interacting with its stakeholders. In this classifications system, Findus and Coop attend the same area where a *medium level of social presence* is combined with a *high level of self-presentation*. Both Findus and Coop had a social process of high self-presentation by influencing its customers, contributing to a positive impression and creating an image of the company. Findus and Coop contributed to their customers' impressions by for example presenting themselves textual in a separate section "about them" but also by using colours that they wanted to be associated with. Further, their medium level of social presence is characterised by using Social media platforms that enables sharing of pictures, videos and other forms of media like the one we have studied; Facebook.

Table 1- Classification of Social Media

		Social presence/ Media richness		
		Low	Medium	High
Self-presentation/ Self-disclosure	High	Blogs	Social networking sites (e.g., Facebook)	Virtual social worlds (e.g., Second Life)
	Low	Collaborative projects (e.g., Wikipedia)	Content communities (e.g., YouTube)	Virtual game worlds (e.g., World of Warcraft)

Source: Andreas M. Kaplan & Michael Haenlein (2010), p.62

Even though the both companies were classified in the same area in Kaplan and Haenlein's (2010) system, their Facebook strategies were different. Findus' Facebook strategy indicated a high self-disclosure where the company presented its organisation and staff a way that gave its customers a personal impression of what Findus stands for. Findus provided their

customers the opportunity to get to know Findus by uploading videos and pictures of their staff, departments and production activities. Findus integrated their Facebook page with the entire organisation. For example, Findus uploaded a post on their Facebook page about the lasagne as well as they did on their webpage.

Coop's Facebook strategy was primarily to strength the brand and to increase the loyalty of its customers and members. Coop communicated with its customers by uploading recipes, photos of food and organizing competitions in conjunction with using Facebook as a part of their customer service³. In comparison to Findus, Coop did not integrate their Facebook page with their entire organisation. Instead Coop separated their activities on Facebook and used it as an external part of their communication.

Coop had a strategy of responding their customers in a relation-based manner. This strategy reminds of relationship marketing that has it objective to build a relationship with a customer that go beyond the transaction itself (Day, 2000). Coop was treating every customer individually and uttered commitment to its customers concerns. This can be a result of Coop knowing that they had members and so loyal customers that recognize their value to the company which led to expectations of good service (Tinsley, 2002). This strategy permeated Coop's movements from when the crises emerged until they moderated.

The strategy of Findus during the prodrome and acute phase was based on influencing perceptions and beliefs of them publicly on Facebook. Due to the expansion of mass media and the newsgathering developments, this has forced companies like Findus to come clear with their organization's actions. Today, mass media ensures that information about crises is available instantaneously (Henry, 2000). It was therefore important that Findus came clear with what had occurred and where they stood in the situation from the beginning.

Along with the chronic phase Findus changed their strategy from only publishing information on Facebook to combine it with a relational based strategy, which was the same strategy of Coop. From randomly answering the customers' question, Findus actually highlighted the customers' fundamental concerns in the chronic phase and turned out being interesting (Kaplan & Haenlein, 2010). The arranged study visits indicated Findus' new relational based

³ E-mail interview with Hans Kullin (2013-05-02)

strategy where they invited their customers to personally get to know their organization. Findus created a relationship with the invited customers by building up a trust during the study visits and then interviewed them in order to comprehend their perceptions of Findus. Thereon, Findus uploaded those interviews on Facebook, which indicated a strategy that was both relational based and publicly based. Satisfaction among the interviewed customers and the regained trust was stated by the interviewed customers. Those perceptions are a result of a successful relational based strategy since trust, satisfaction and commitment are three key elements for this characterized strategy (Bauer et al., 2002).

5.2 Findus and Coop managing the Crisis Life Cycle

It is not required that all companies will experience the entire Crisis Life Cycle and some companies do not reach the resolution phase at all (Fink, 1986). The permanence of the Crisis Life Cycle depends on how well prepared a company is before a crisis emerges. Findus is still in the chronic phase where they are recuperating from the consequences of the crisis while Coop has pulled out of the Crisis Life Cycle.

Even though both companies answered quickly to the crises by answering its customers posts the companies realized in different phases when it was time to approach to their customers' demands. Coop had a clear strategy in the very first beginning, which can explain why they could get around the crises without harming the company in the same extent. Coop denied the crises that silenced the situations, which never resulted in a post-crisis. Even though the situations of Coop were silenced, and that Coop not yet has terminated their Crisis Life Cycle, it is impossible to know when a similar or a new crisis situation will occur and by that extend the Crisis Life Cycles (Fink, 1986). Findus significantly putted more effort during the chronic phase than the previous phases and it was not until then Findus could see any positive outcomes.

Coop did not take the customers' concerns about the imported milk into account. The farmer-situation is an example of how Coop not regulated their operations due to the opinions of the customers. Even though Coop comprehend that its customers demanded Swedish milk and that many customers declared that they would boycott them for outcompeting Swedish farmers, Coop still chose to import milk from Germany. As "*consumers are much more demanding about getting what they want*" (Brady, 2000) it is just a matter of time until the

customers of Coop will take up the “fight” again and get their opinions heard. In the long run it can lead to negative viral marketing if customers continue spread their disappointment.

Coop’s strategy of denying the crisis can be questioned if it is substantial in a long-term perspective. Even though Coop did not estimate the salmonella bacteria and the imported milk from Germany as crises, their customers did. In order to develop their relational based strategy, those opinions should be taken into consideration since as Hans Kullin said that *“Coop’s strategy is to increase the loyalty of its customers”* (Dagens Nyheter, 27/8-2012)

Findus, on the other hand, are still in the process of managing their crises trying to reach a resolution where Findus becomes a reliable company again. The relational based strategy has resulted in positive impacts where an interviewed customer said that Findus have regained his trust again and many other customers explained their satisfaction after the study visits on Findus Facebook page:

“Thank you for a very pleasing afternoon. Everything was enjoyable to see, I could have been listening to Kenneth’s stories in the kitchen all night. Thank you.”

“Thank you for an enjoyable and informative visit with you today. We have always trust Findus and its products, and it has not decreased after the visit today. It was great to see your pride and the joy of your employees.”

Thus, we can observe a daily input of pressure from their customers on Facebook that extends the Crisis Life Cycle. Until three months after the scandal occurred, customers were uploading posts where they associated Findus with horses and made jokes about the company. Even though the company was trying to bypass the horse scandal and act in order with an ordinary day, the associations about horsemeat still remained.

Chapter 6 - Conclusion

This chapter summarizes the results and will present the answer to the research question of the study. Relevant aspects such as future developments will be highlighted for both companies and researchers. At last, how the study contributed to the research field will be explained.

The purpose of the study was to investigate how companies manage crises on Facebook which previous research consist less of. Facebook has contributed to more criticism against both studied companies but how the companies managed the crises differentiate. Findus suffered from the impact of the crisis and are still suffering. Thus, a clear strategy during the chronic phase contributed to regain their customers' trust. Coop on the other hand, that had a clear strategy with denying the crises from the beginning got away unharmed in comparison to Findus. The positive outcome of both Coop and Findus was clearly generated when a relational based strategy was established and should be considered as a valuable part of a company's crisis management strategy.

This thesis confirms that companies do not have a clear strategy to manage crises on Facebook. Even when a crisis already has developed, it seems like companies still are ignoring the fact that Social media also has its disadvantages. This leads to passivity from companies in the first, but also essential phase of a crisis. Coop denied the crisis from the beginning and it took time for Findus until they were willing to manage theirs. Revising the outcomes of the crises for the studied companies, they, first and foremost must consider Facebook as a new market that has to be cared for and stop ignoring the risks with entering it. It is therefore also important that research in the field of *crisis management on Facebook* is required to assist the companies through this revolutionary tool for a successful crisis management. Even though no universal recipe can lead to successful crisis management in every crisis, the importance of the phases of a crisis and how they should be considered must be highlighted.

6.1 Contributions

This study contributes to the field mainly by highlighting the importance of crisis management on Facebook. We have through our study demonstrated what consequences can

occur if a strategic way of dealing with a crisis on Facebook not is implemented. Further, as Social media and crisis management are two distinct research fields, it is in this study concluded that these must be integrated. Previous research about crisis management states that companies must have a strategic plan for unprepared situations while research about Social media only highlights the advantages of using Social media. Since according to our study, where companies are struggling with criticism on Facebook, companies need guidelines on how they can manage crises on Facebook such as other Social media platforms. This study shows that the Crisis Life Cycle is a relevant theory to proceed from to give companies recommendations on how they can manage each phase of a crisis hence it is recommended in future research.

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Appendix

Interview through e-mail with Hans Kullin, Social media manager of Coop (2013-05-02)

1. What is the Facebook strategy of Coop?
2. What are the strengths of Coop on Facebook and what can you improve in your communication?
3. We saw that many customer questioned Coop for not informing on Facebook or through e-mail when you found out that the meat had salmonella bacteria. We wonder why you did not inform your customers on Facebook when you consider that Facebook reaches out to many people.