

Public relations and crisis management assignment

[Art & Culture](#)



**ASSIGN
BUSTER**

By using integrated marketing communications this report also provides solutions, organizational learning and suggested reputation restoration plan for the organization to recuperate their image and position in the market. The series of events carried out since the first break out in the news has caused a negative impact and harmful and undesirable attention to HEAT about their product quality, logistics in transportation of the products, and how they manage the public.

HFTP reacted quickly internally about the product deficiency and ordered a recall of possibly effected products but did not make an effort to inform the government nor the public who are important constituents. Hafts lack of responsibility and acknowledge their fault in the matter from the beginning puts them at jeopardy. Denial in the beginning stages only allowed more loopholes for the media and public to find their fault, which was exactly what happened. The report finds that Hafts poor communication plans, lack of proper speedy action led to a diminished brand image and negative brand equity.

HFTP will need to put in personnel, finance and time to rebuild the image and trust from the public. Recommendations discussed include: Openness and honesty from the beginning and communicate with consumers, suppliers and constituents who will be directly influenced by the matter. Admit and not deny the situation, then voice out that no harm was done but will continue to keep the case under investigation. Provide a communication channel and point of contact for consumers to enquire about the situation.

Provide a better platform and method to communicate to the large amount of staff that would have direct contact with consumers and are the company's ambassadors and representatives. Organizational Learning HFTP was unwilling to learn from the crisis and react effectively post crisis. More events made possible by the media continued to harm the company's image. Aside from returning to business as usual, HFTP should evaluate the crisis management efforts. Good effort in providing update to constituents later in the year to reassure them.

There were limitations in research of this crisis and only information available to the public could be used. Although information on how they handled the situation internally was unavailable only information from the media was available, but it is visible to the public what actions were and were not taken and what could have been done better from Haft's perspective. Define and Explain the Crisis Hung Book Tong (AFT) started operations in 1986 and is a well-known retail brand selling packaged herbal drinks, tortoise jelly, desserts, congers and soups.

As of June 2014, they have 97 stores spread out at MET stations and shopping centre across Hong Kong. The crisis first surfaced on June 28, 2014 when Apple Daily reported that consumers complained about eight HEAT products. The news stated that nonusers claimed the products taste sour and have unknown substance in the bottles and are concerned of the quality and it will effect their health. The report also says HFTP did not notify Centre for Food Safety (CIFS) nor the public but instead announced their staff internally to recall three products which are expired.

CIFS spokesperson claims they have not received any information about the recall but will conduct investigation on this matter. HFTP spokesperson replied that their products have gone through all proper procedures and abide test results but will recall the products for safety and reactionary reasons due to recent concerns. A reporter from Apple Daily was also quoting one of the staff saying, “ the problem product is off the shelf “(Apple Daily, 2014). HFTP then took precautionary measures on June 30, 2014 by making a clarification announcement through their public relations channels.

HFTP wanted to clarify that their quality control, logistics and operations are under strict procedures that ensure quality of their products. Due to certain customer feedback and precautionary measures HFTP decided to withhold batches of 15 products from the shelves on June 25th and 26th. They also clarified that those products have passed quality control and are taking such actions not because of health and safety reasons. HFTP did further testing and the accused products were of normal range and satisfactory with the guidelines of COPS.

June 28 and 29 the Food and Environmental Hygiene Department (FEED) visited the retail shops (CIFS. Gob. Husk, 2014). June 30, 2014 CIFS and FEED visited Haft’s production facilities. HFTP denies there is deficiency with the logistics and quality control. HFTP also dedicated a paragraph to their prospective investors not to believe information through there media sources (Clarification Announcement, 2014). July 9, 2014 CIFS finally announced that the “ organic black soybean milk” collected from the retail level contaminated *Bacillus cereus* at an excessive level of 540, 000 per Grahame. Microbiological Guidelines for Ready-to-eat food” states it is potentially

<https://assignbuster.com/public-relations-and-crisis-management-assignment/>

hazardous if 100, 000 per Gramme is detected. CIFS has taken actions such as inspecting processing plant, retail outlets and confirmed the effect product is not in stock. Also CIFS has issued a warning to HFTP and will take appropriate actions based on other test results and will intention to monitor (CIFS. Gov. Husk, 2014). July 10, 2014 CIFS issued a second notice of another product, “ Soup with pork lunch, apricot kernel and Chinese ham”, contained *Bacillus cereus* at 300, 000 per Gramme.

This was collected on the same day as the soybean product. CIFS also provided information on where the bacteria are usually found and what caused it. This bacterial may cause vomiting and diarrhea (CIFS. Gov. Husk, 2014). On the same day, July 10, 2014 HFTP made another voluntary announcement responding to the above matters with the actions they have taken. HFTP established a special task force to review logistics, operational processes and along with food safety consultants has a preliminary idea of what happened. It may be due to operational handling, the cooling process, storage and transportation of the products.

They have strengthened temperature control, instructing transport vehicles to pre-cool before loading and monitor temperature at retail shops. HUFFS also noted they have and will fully cooperate with CIFS and FEED (Voluntary Announcement, 2014). All the above have been summarized in a table based on the actions of the corporation and from the institution (See Appendix A). This event is a crisis as it “ threatens important expectancies of stakeholders and can seriously impact an organization’s performance and generate negative outcomes” (Combs, 2007, up. 2-3).

It involves product defect and affects the constituents locally and may be international in the pre crisis stage as their products are distributed internationally but was later clarified that it only includes drinks sold in Hong Kong. The constituents involved here include customers, community, media, government, suppliers and investors. The media covered this intensively as it involved health issues and could possibly effect a mass population in the community. FEED and CIFS because involved once the media started covering the news and conducted investigations, testing and site visits.

Customers whether it is potential or current ones will keep alert for updated news to possibly avoid consumption, which is ethically correct. HFTP did not do what is ethically right which is to be concerned about the public's health and well-being. Investors must be concerned, as shown that stock prices dropped 6.59% on July 10, 2014 after the second announcement by CIFS (Luau, 2014). As well on June 23, 2014 HFTP just announced initial public offerings only 5 days before the first media coverage. Crisis Management Concepts and the Crisis Crisis management serves to protect constituents, industries from harm.

The following factors form a process; prevention, preparation, response and revision. HFTP took action in the prevention stage and tried to recall the products secretly prior to the news being reported when they detected warning signals (complaints) to try to avoid the crisis. This was not successful, as their preparation and response was not carried out well. The preparation process includes the creation of crisis management plan, formation of crisis management team (COM), set up of crisis communication system and training of spokesman.

<https://assignbuster.com/public-relations-and-crisis-management-assignment/>

HFTP claimed in their July 1 20th announcement that they have developed a special task force, although done at a very late stage and not acting promptly to the issue (almost two weeks after the first news) it is a correct action for forming this crisis management team. Crisis communication system consists of mass notification system, crisis control center, Intranet and Internet. The corporate used mass notification system to deliver a message to the employee through intranet from the news on June 28, 2014, which is good because it is quick and simple.

HFTP staffs were informed that some products should be recalled. However, they may not have properly informed the staff what they can or cannot tell the public. This allowed a reporter to reference a staffs response stating the “ problem product” which admits and implies the company is at fault. Moreover, HFTP could should also tell the public what was happening (address crisis) through internet. It is because stakeholders (customers) may want to get more information about the crisis. Releasing the crisis through Internet also can let public know that you are finding solutions and dealing with the crisis.

The response and revision will be further discussed in detail in recommendations below. According to the concept of reputation management, there is an expectation gap between HFTP and the constituents. Some products of HFTP turned sour, which means the performance of HFTP was not meeting the constituent’s expectation.

Negative reputation will be created. There was also fundamental misalignment between HFTP and the constituents. HEAT should change to meet expectations of the customers to have alignment with them.

<https://assignbuster.com/public-relations-and-crisis-management-assignment/>

From the news dated on June 28, 2014, HFTP recalled some of its products after receiving complaints from customers and reacted and responded quickly internally; however, HFTP did not inform the public and the constituents. The prior action assures the defected product will not flow out to the market, the latter puts constituents at risk. The benefit of the prior rapid initial response though outweighs the risks at the moment. According to the concept of risk management, HFTP should have risk communication with the constituents who may bear the risk of what they will face.

HFTP circulating the information to the public and constituents will allow them to protect themselves, for example, by not consuming the contaminated products. Crisis Management Strategies and Common action Strategies - Actual HFTP delivered consistent messages on June 30, 2014 and unified response to stakeholder about the detail of the incident. HFTP kept openness by providing an adjusting information to their stakeholder what, when, where, why and how information about the incident, to let them know the situation is being under control.

This practice can discourage other organizational members from becoming unofficial spokespersons. They were concerned about stakeholder feeling but still do not announce the real risk to the public. On July 9, 2014 HFTP did not do well, although they are speaking with one voice about the incident they did not admit the responsibility about the incident. They just emphasize that they are giving attention on the incident and handling it seriously. HFTP tried to use justification strategy to minimize the perceived damage associated with the crisis to state that there were no errors damages or injuries reported from the complainers.

<https://assignbuster.com/public-relations-and-crisis-management-assignment/>

This may create a bad reaction from the public. Hereby, they did not apologize for the crisis and show regret for the inconvenience caused to the public. They have not said they will take full responsibility for the crisis and ask for forgiveness. It may affect consumer perception and their credibility. According to follow up communication strategy, HFTP did excellent on Septet. 23, 2014, to report to their stakeholder the updating news about the incident. They delivered promising information and updated the stakeholders about ewe development.

It lets stakeholders know how the recovery effort is progressing and announce the cause of the incident as soon as it is known, also informs stakeholder of any action taken to prevent a repeat of the crisis. (2014 Interim Report, 2014) In Heftiest 30th announcement dedicating a paragraph for potential investors also shows commitment to reassure the public. In the whole crisis, HFTP kept a low degree of honesty, openness and willingness to disclose information to their stakeholder but not media and consumer. Under the uncertainty, media may create their own story and it ay harm the organization.