



High-Definition News

Marketers Walk a Fine Line in Disaster Relief

By Clark Crowder

Two headlines in the September 7 *San Francisco Chronicle* demonstrated in black and white the sensitivity required by corporations in making business and relief decisions in the wake of a disaster.

The first article, reprinted from the *Washington Post*, read: "Wal-Mart at forefront of gulf disaster relief." The subtitle: "Retail chain's image gets a boost as it jumps on deliveries." Across the page was a story by a *Chronicle* reporter headlined: "U.S. gas prices finally hit plateau."

Wal-Mart was ready for Katrina on a fairly large scale. The company had more than 40 trucks filled with goods loaded and ready for delivery at its Brookhaven, Miss., distribution center. In the days since Hurricane Katrina raked the Gulf States and pummeled New Orleans and as the scale of the disaster mushroomed, the company *kept responding* and went far beyond its initial stockpile, donating an unprecedented US\$20 million in cash, 1,500 truckloads of merchandise and food for 100,000 meals. In addition, it promised to maintain a job for every one of its workers displaced in the disaster.

By contrast, big oil companies and refiners made a business decision to allow supply and demand to determine the price of gasoline. As refineries were temporarily disabled from the disaster, the price of petroleum products rose dramatically throughout the USA, even as the federal government provided some of the needed oil from its strategic reserves.

While we shouldn't second-guess the decision makers, it wouldn't be a stretch to note that oil producers and refiners may have lost out on a great opportunity to improve their image by dramatically lowering prices at the pump in the states most affected by the hurricane and by transporting additional refined products to the disaster areas as part of a relief effort, at least for the first few weeks of recovery.

Here then, is a live case study of two types of businesses with very different reactions to a major natural and national disaster. Both reactions carry risk: Wal-Mart could have been perceived by the media as cynically trying to burnish its public image tarnished by high-profile discrimination law suits, its sales impact on local 'mom-and-pop' stores, and 'off-shoring' by its vendors to meet Wal-Mart's strict low cost of goods requirement.

Conversely, *inaction* by oil refiners could be perceived as callous and greedy, and, in fact, has drawn the ire of politicians who are using their pulpits to heap ire on the industry. But both are, in the end, business decisions and the decision makers have no doubt carefully weighed the pros and cons of their actions.

But from a *marketing perspective*, the acts of major companies in disasters are not in fact mere "business decisions." Because of massive media coverage and international attention, the acts of a corporation or its representatives are pivotal and can impact corporate reputation - and ultimately the bottom line - positively or negatively.

Here are a few rules of thumb about corporate action and the implications for marketers relative to disasters:

Be ready — Have a *disaster marketing plan*, as Wal-Mart did, as part of your business recovery plan. It is no longer sufficient to implement an *operational* recovery plan (i.e., get your business running again) in the wake of a disaster. Once you know your business will recover, what will you do to help the community you do business in recover as well? Back your plan up with whatever resources are necessary. Think through disaster scenarios and what kind of alternate distribution system or even product offerings you might need to help relieve the affected areas. Include the marketing and public relations people long beforehand to create appropriate marketing plans and sensitive messaging, and be ready with the CEO or other high-level spokespeople to deliver the messages with authority and a human face.

Remain "in character" to your brand — In other words, don't do anything inconsistent with your corporate culture or your brand. For example, Microsoft has set up special Web-based message boards for those separated by the disaster. In a disaster banks often roll back interest rates in affected areas; lighten underwriting criteria for recovery-related loans; set up trust accounts for donations; and mobilize special equipment, such as mobile branches with ATMs normally used at special events. In 1906, banker A.P. Giannini actually created a brand following the great earthquake that destroyed San Francisco by setting up two barrels and a plank and personally lending cash to the citizens of the North Beach district. He made the loans on a handshake and by writing down names and addresses in a ledger. Legend has it that every dime was paid back; in the process, the brand "Bank of America" was born.

Explain your actions — While it is better to act, whether you act or not, you will be called upon to explain yourself, particularly if you enjoy a high profile in the affected areas. Work hard to explain your actions so there is no misunderstanding among key constituencies. Have all your messages ready for customers, the media, and for government relief agencies. Telling your story your way is important because if you don't, others will. As an example, in Katrina's aftermath Allstate Insurance CEO Edward Liddy explained his company's corporate disaster marketing plan to investors via a *Wall Street Journal* interview--concurrent with the plan's

implementation by its field adjusters.

Provide reassurance — Think about how to appropriately provide emotional comfort to those in need of it—consistent with your brand. Incorporate whatever comforting associations exist for your brand into your messaging during a disaster. Start with employees and then work outward to customers—quickly.

Don't do anything unseemly — Such as price gouging; prosecuting those foraging for basic necessities; unnecessarily excluding groups from disaster-related benefits; or trying to be invisible in an emergency. Even if you are not doing this, if you are perceived as doing it, you will suffer hits to your reputation, so you'll need to be ready to explain yourself regardless of how you choose to act.

Ultimately the success of private enterprise depends upon public trust. What your business does in time of crisis will be remembered for a long time to come. The perception of your actions by the public, government agencies, the media, and your customers in extreme moments will either help you build a stronger bond with these important constituencies, or decrease their trust in you and your products.

Your feedback is welcomed and should be directed to Clark Crowtus, Principal, High-Definition Consulting Group at clark@high-def.biz.

Resources:

The following resources are recommended by High-Definition Consulting Group:

Article: "Wal-Mart at forefront of gulf disaster relief" San Francisco Chronicle, September 7, 2005 <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2005/09/07/BUG9NEJD181.DTL&hw=Wal+Mart&sn=001&sc=1000>

Article: "CEO Says Allstate Adjusts Storm Plan" The Wall Street Journal, September 6, 2005 (Password protected online)

Web site: Food Marketing Institute — "Disaster Food Handling"
<http://www.fmi.org/foodsafety/disaster.htm>

Article: "Newspaper That Had Warned of Disaster Lives Own Prophecy" The Wall Street Journal, August 31, 2005
http://online.wsj.com/public/article/0,,SB112543860068627059,00.html?mod=todays_free_feature

Web site: Florida Dept. of Agriculture and Consumer Services
http://www.florida-agriculture.com/foodprograms/disaster_relief.htm

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