



Part III: The Publics

Chapter 14: International Consumer Relations



Learning Objectives

1. To examine the important public of “consumers,” both in the United States and around the world.
2. To explain the nuances of consumer relations; dealing persuasively with customers and prospects to build an agreeable consumer experience.
3. To discuss the growth of the “consumer movement” in America and around the world.
4. To explore the differences in media and management between international organizations and those in the United States.



Opening Example: Apple

- Companies must be sensitive to the customs and culture and feelings of their host countries
- In the second quarter of 2015, Apple made \$13 billion in China
- Two years prior, China Central Television and The People's Daily accused Apple of consumer negligence



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Figure 14-1 (Photo: Pan Yulong Xinhua News Agency/Newscom)



Apple's Response

- After two weeks of constant media pounding, Apple CEO Tim Cook wrote a personal letter in Chinese
- Cook apologized for customer service policies and promised to revamp them
- He suggested the underlying issue was lack of communications, not arrogance or ignorance of customer feedback



Think Global, Act Local

- Thanks to e-commerce, the world continues to evolve into a society of consumers
- Global companies must be sensitive to local surroundings
- Deliver dependable products in a manner that is service-oriented and ethical

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Worldwide Consumer Class

- More than 1.7 billion people worldwide belong to “consumer class”
 - Highly processed foods
 - Desire bigger houses and more and bigger cars
 - Higher levels of debt
 - Lifestyles devoted to accumulation of nonessential goods
- The wealthiest 20% of the world accounts for more than three-quarters of world consumption

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Worldwide Consumer Class

- Revenue from international tourism reached \$1.5 trillion in 2014, in spite of...
 - Currency fluctuations
 - Economic weakness in Europe
 - Terrorism
 - Civil strife in the Middle East
 - Economic inequality

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Worldwide Consumer Class

- Globalization and social media increase pressures on multinational companies
 - Differentiate product from the rest
 - Behave responsibly
 - Public relations techniques and social sensitivities help

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Public Relations Techniques Help

- Walt Disney, addressing concerns over child nutrition, did not license popular characters to food that was not nutritionally acceptable
- Mattel revamped safety measures at Chinese manufacturing plants to eliminate lead paint
- Burger King began buying eggs and pork from suppliers that did not confine their animals in cages and crates
- McDonald's and KFC fought reputations when local Chinese suppliers were exposed as processing expired meat

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And it's PR to the rescue.....

- Consumers have a tough time wading through the advertising clutter to identify winning products and services.
- In an era overwrought (tense, stressed) with advertising "noise," PR solutions can help cut through it all to:
 - Distinguish one company from the next.
 - Enhance the sale of a firm's products.
 - Attract, win, and keep customers.

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So much advertising clutter; so important to use PR to cut through it all.

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Consumer relations objectives

Building sales is the primary objective.

A satisfied customer may return. An unhappy customer may not.

Typical consumer relations goals:

- Keep old customers because historically most sales are made to established customers.
- Attract new customers by providing quality products with attractive prices.
- Market new items or services by simplifying information about and personalizing service for them.
- Expedite complaint handling—whether it's about a faulty product, billing error, or delayed delivery—with easy-to-understand procedures that ultimately leave consumers satisfied.
- Reduce costs because reasonably-priced products appeal to educated consumers.

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Consumer-Generated Media

- New lead voice in town is social media
 - Gives consumers a voice
 - Gives consumers a publishing platform
 - Gives consumers a forum where their collective voices on products and services can be heard, shared and researched

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Consumer-Generated Media

- Online consumer word-of-mouth originates from
 - Blogs
 - Message boards and forums
 - Public discussions
 - Discussions and forums on large email portals
 - Online opinion/review sites and services
 - Online feedback/complaint sites
- Consumers trust fellow consumers

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Handling Consumer Complaints

- Only 4% of dissatisfied customers complain
- Bedbug letter – prewritten, generic response not desirable
- Risk of consumer complaints going viral always present

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Handling Consumer Complaints

- Ombudsperson
 - Originally responded to complaints about abuses by public officials
 - Now outsourced location customers call to seek redress for grievances
- Companies that express understanding and courtesy will keep customers

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Personal touch

- There's a reason Four Seasons hotel chain is always ranked at the top of customer service lists; it takes pains to deal properly with clients

Dear Mr. Seitel,

I'm writing to apologize for the e-mail sent to you on April 13, 2012, which incorrectly identified you as "Mr. Marnela."

The error occurred during the programming of the salutation and resulted in the e-mail being addressed to a Four Seasons employee (the recipient for purposes of testing), instead of you, the intended recipient. This technical oversight is not representative of the standard we have set for ourselves in creating customized experiences and communications for our guests. We have put measures in place to ensure that it does not happen again.

At Four Seasons, we take guest privacy very seriously. Please rest assured that your personal data has not been compromised in any way and your Four Seasons guest profile remains secure.

I apologize for any inconvenience or concern this may have caused you.

Sincerely,
Susan Helsteb
Executive Vice President, Marketing
Four Seasons Hotels and Resorts

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The Consumer Movement

- 1872
First legislation to protect consumers against corporate abuses
- 1887
Congress establishes the Interstate Commerce Commission
- 1927-1938
Consumers safeguarded from abuses of stakeholders in well-known brands of commercial products – Food, Drug and Cosmetic Act
- Early 1960s
John F. Kennedy proposes the Consumer Bill of Rights

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The Consumer Movement

- 1960s: President John F. Kennedy proposed consumer bill of rights:
 - Right to safety
 - Right to be informed
 - Right to choose
 - Right to be heard

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Consumerism Today

- Government overseers of consumer interests
- Labels, packaging, product safety
- Consumer Financial Protection Bureau

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Operating Around the Globe

- Multinational corporations must be sensitive to how their actions affect people of different cultures/geographies
- Seven of the 10 most powerful brands in the world are based in the U.S.
- Multinational companies face challenges from local communities and organizations

Rank	Previous Rank	Brand	Country	Sector
1	1	Apple	United States	Technology
2	2	Google	United States	Technology
3	3	Coca-Cola	United States	Beverages
4	4	IBM	United States	Business Services
5	5	Microsoft	United States	Technology
6	6	GE	United States	Diversified
7	8	Samsung	Korea	Technology
8	10	Toyota	Japan	Automotive
9	7	McDonald's	United States	Restaurants
10	11	Mercedes-Benz	Germany	Automotive
11	12	BMW	Germany	Automotive
12	9	Intel	United States	Technology
13	14	Disney	United States	Media
14	13	Cisco	United States	Technology
15	19	Amazon	United States	Retail
16	18	Oracle	United States	Technology
17	15	HP	United States	Technology
18	16	Gillette	United States	FMOG
19	17	Louis Vuitton	France	Luxury
20	20	Honda	Japan	Automotive

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Figure 14-5 (Courtesy of Interbrand)



Examples: Challenges for Multinational Companies

- McDonald's and Coca-Cola drew criticism for offering products that promote obesity as sponsors of the 2012 London Summer Olympics
- In 2012, Apple was embroiled in a scandal involving working conditions at Chinese plants manufacturing iPads and iPhones
- In 2015, the European Union's Executive Commission, launched an anti-trust case against six major U.S. movie studios



What should MNCs should do?

- It must recognize that the world has shrunk because of new communication and information technologies; truly, McLuhan's vision of the world as a "global village" is a reality.
- They must be sensitive to how their actions in one situation may indeed affect people of different cultures in different locales.
- They often become the most prominent standard bearers of their home country.
- They must first act responsibly, and then communicate it—not the other way around; they must "walk the talk."
- They must support local causes; "thinking globally" but "acting locally" is especially important when it comes to philanthropic endeavors.

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Consumer Internet Activists

- Organic consumer movements have been stimulated by the Internet
- 2011 Occupy Wall Street rallied troops with social media
- Consumers use Internet to keep companies honest
- Consumers Union – Consumer Reports
- Consumer Federation of America
- Digital activism uses Internet to
 - Enable faster communications
 - Coordinate citizen movements
- Example: Arab Spring

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Think Multilingual and Straighten out Your English

- It is important for companies to know how their brand names translate into other languages
 - Burrada = giant burrito; colloquial meaning = “big mistake”
 - Country Mist makeup = country manure in Germany
 - Colgate Cue toothpaste; Cue = porno magazine in France



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Photo: (Photo: Courtesy of Rivkin & Associates)



Think Multilingual and Straighten out Your English (cont'd)

- Coca-Cola was initially rendered as “bite the wax tadpole”
- Finland's leading brand of de-icer is Super Piss
- Japan's leading coffee creamer is Creap



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Foreign Lands Must Make Sure of English

- Copenhagen airline ticket office: "We take your bags and send them in all directions"
- Norwegian cocktail lounge: "Ladies are requested not to have children in the bar"
- Budapest zoo: "Please do not feed the animals. If you have any suitable food, give it to the guard on duty"
- In a doctor's office in Italy: "Specialist in women and other diseases"

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Foreign Lands Must Make Sure of English (cont'd)

- Paris hotel elevator: "Please leave your values at the front desk"
- Tokyo car rental firm: "When passenger of foot heave in sight, tootle the horn...trumpet melodiously at first...then tootle him with vigor"
- Hong Kong dentist: "Teeth extracted by the latest Methodists"
- Acapulco hotel: "The manager has personally passed all the water served here."
- Bucharest hotel lobby: "The lift is being fixed for the next day. During the time we regret that you will be unbearable."

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Business Gets the Message

- Consumer relations started as a way to handle complaints/unanswerable queries
- Investment in consumer service pays off
- Bad service can lead to negative word-of-mouth
- Companies broadened consumer relations function to encompass activities like
 - Developing guidelines to evaluate services and products for management
 - Developing consumer programs that meet consumer needs and increase sales
 - Developing field-training programs
 - Evaluating service approaches
 - Evaluating company effectiveness in demonstrating consumer for customers



Consumer Philosophy at Jet Blue Airways

- Valentine's Day ice storm stranded thousands of customers and hurt reputation
- "Wakeup call for Jet Blue"
- New customer "Bill of Rights"

jetBlue
UNDISAPPOINTED

Flights Vacations Hotels Cars Cruises | Manage your flight | Travel deals | Where we jet

An apology from David Neeleman

David's apology

Dear JetBlue Customers,
We are sorry and embarrassed. But most of all, we are deeply sorry.

Last week was the worst operational week in JetBlue's seven-year history. Many of you were either stranded, delayed or had flights cancelled following the severe winter ice storm in the Northeast. The storm disrupted the movement of aircraft, and, more importantly, disrupted the movement of JetBlue's pilot and flight attendants who were depending on those pilots to get them to the airports where they were scheduled to serve you. This the busy Valentine's Day weekend kept us, reducing opportunities some space and had times at 1-800-JETBLUE were unusually long or not even available, further hindering our recovery efforts.

Words cannot express how truly sorry we are for the anxiety, frustration and inconvenience that you, your family, friends and colleagues experienced. This is especially sad because JetBlue was founded on the promise of bringing humanity back to air travel, and making the experience of flying together and safer for everyone who chooses to fly with us. We hope we failed to deliver on this promise last week.

We are committed to you, our valued customers, and are taking immediate corrective steps to regain your confidence in us. You have begun getting a comprehensive plan in place to provide better and more timely information to you, more tools and resources for our crewmembers and improved procedures for handling operational difficulties. Most importantly, we have published the JetBlue Airways Customer Bill of Rights -- our official commitment to you at how we will handle operational emergencies going forward -- including details of compensation. We invite you to learn more at jetblue.com/bill-of-rights.

You deserved better - a lot better - from us last week and we let you down. Nothing is more important than regaining your trust and all of us here hope you will give us the opportunity to once again welcome you aboard and provide you the positive JetBlue experience you have come to expect from us.

Sincerely,
David Neeleman
Founder and CEO

Also see
[JetBlue Customer Promise](#)
Learn about our commitment to making things right.

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Figure 14-7 (Courtesy of JetBlue)



❖ Review Questions:

1. List and briefly describe typical goals or purposes an effective consumer relations program would have.
2. If a multinational company has any hope of enjoying a positive global reputation, what are some things it should do?