"THE FIRESTONE/FORD CRISIS"

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To the Graduate Council:

I am submitting herewith a research project written by Sarah C. Reed entitled "The Firestone/Ford Crisis." I have examined the final copy of this research project for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Arts, with a major in Corporate Communication.

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DEDICATION

This research project is dedicated to my parents and sister

Mr. Charles Reed

and

Mrs. Linda Reed

and

Ms. Elizabeth Reed

who have given me invaluable educational opportunities.

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ABSTRACT

Image has become increasingly important in society causing individuals and organizations to consider the long-term effect and possible consequences of the choices they make. The media seek to radically influence the decisions made by both individuals and organizations. When a crisis situation arises, an organization's response can help the organization overcome the crisis or lead to the organization's demise. Benoit (1997) proposed the theory of image restoration discourse, which can be used to analyze numerous crisis situations. While much research surrounding crisis communication addresses what to do before and after a crisis, the focus of image restoration discourse is message options and what an organization can say when it is faced with a crisis. Firestone and Ford have been criticized heavily for their handling of the tire recall. This study illustrates the importance of carefully planning a response and the strategies used during a crisis.

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CHAPTER I

OVERVIEW OF THEORETICAL APPROACH

The media play an important role in our world today and impact the decisions both individuals and organizations make. Image has become increasingly important in our society causing individuals and organizations to consider the long-term effect and possible consequences of the choices they make. When an organization is faced with a crisis, the steps it takes either help the organization to succeed or cause it to fail. Crises threaten to destroy even the most powerful companies, and no organization is immune from harm.

Tortorella (1989, p. 42) wrote, "There is no single way to solve a crisis, no bullet-proof plan which will always work, no iron-clad media relations approach that will fix the crisis overnight. Each crisis bears its own marking and its own unique solutions; indeed if it had a 'precedent' it wouldn't be a crisis. The only rule of crisis communication is that there are no rules."

Tortorella (1989) believes most crises have the same characteristics, and these characteristics can be used to analyze crisis situations. Surprise, either at the actual event or its timing, is the first characteristic. Communication is important because no one knows exactly what happened or which steps to take to solve the problem. Rumors will run rampant. The organization has the chance to take control of the situation by getting a spokesperson to face the media and address the public. Simply showing concern early in the crisis can prove to be the key to managing the intense scrutiny from the outside.

According to Tortorella (1989), the media are the least controllable communication channel during a crisis. An organization's spokesperson must be able to answer three basic questions. What happened? Why? What are you going to do about it? Each press release and press conference should begin with a review of the organization's answers to these questions. A delay in responding to these questions will be seen as a sign of confusion, deception, incompetence, or unconcern (Tortorella, 1989). Keith Price, group account director at BPS Teleperformance, says the key to effective crisis management is information. "If there's no information, then the public starts making up their own minds and the thing becomes media-led" (Miller, 1999, p. 33).

One of the most important decisions an organization will make during a crisis is the selection of a spokesperson. Throughout the crisis, the spokesperson must speak with authority from management. An organization also must communicate with its key publics. The media will seek to blame someone for the crisis. An organization does not want to be blamed, but it must take responsibility for a crisis if it is at fault. Management's job is to define the problem, state objectives, and quickly implement tactics to solve the problem (Tortorella, 1989).

Benoit (1997) built upon the research of Tortorella and proposed the theory of image restoration discourse, which can be used to analyze the Firestone tire recall. Benoit argues that his theory of image restoration discourse is a practical method for organizations to use when faced with a crisis. The focus of the theory of image restoration discourse is message options. What should an organization say when it is faced with a crisis? Benoit breaks image restoration discourse into five strategies to be used by organizations when responding to a crisis.

The first strategy is denial, which has two attributes. An organization may utilize simple denial and deny the crisis occurred, that the organization committed the act, or that it was dangerous to anyone. Another type of denial is shifting the blame and arguing that someone else is responsible for the crisis (Benoit, 1997).

Evasion of responsibility, the second strategy of image restoration discourse, has four attributes. An organization can say it acted in response to someone else, and the resulting behavior was a reasonable reaction. Defeasibility is another way of avoiding responsibility. The organization can claim it had a lack of information about or control over the crisis. A third choice is to say the crisis was an accident and an unfortunate occurrence. An organization will be held less accountable for the crisis if it can convince people that the crisis happened accidentally. The final option is to claim the organization had good intentions (Benoit, 1997).

Reducing offensiveness is the third strategy of image restoration discourse. This strategy has six attributes. First, an organization can use bolstering to improve its image and remove negative feelings surrounding the crisis. Second, an organization can attempt to minimize the negative feelings surrounding the crisis. Next, an organization can utilize differentiation where the crisis is compared to other crises to show how they were more offensive. Transcendence, placing the crisis in a more favorable context, is another way of reducing offensiveness. Fifth, an organization charged with wrong-doing can attack its accusers and attempt to reduce their credibility. The last way to reduce offensiveness is compensation or reimbursing the victim. Benoit said this should improve the organization's image if it is acceptable to the victims (Benoit, 1997).

The fourth strategy of image restoration is corrective action. This occurs when an organization pledges to fix the problem. The final strategy of image restoration is confession, asking for forgiveness, and apologizing. Burke (1970 as cited by Benoit 1997) calls this mortification.

As a result of this research, Benoit suggested methods for making use of these strategies, and these can be arranged in three categories: preparation before the crisis, identification of the nature of the crisis, and suggestions for coping with crises. Planning for a crisis before it occurs may lower response time and even prevent mistakes in an organization's initial response. Potential crises should be identified, and preparations for these should be made (Benoit, 1997).

CHAPTER II

APPLICATION OF THEORETICAL APPROACH

When a crisis happens, it is essential to understand the crisis itself and the audience. What are the allegations or suspicions? These must be understood for an organization to respond properly. It also is important to identify the key publics and adapt messages to these key publics (Benoit, 1997). When organizations think their image has been damaged, Benoit (1995a) said they offer "explanations, defenses, justifications, rationalizations, apologies, or excuses" for their behavior (p. 2).

An organization's actions and reactions to a crisis can cause the organization to either recover quickly without much damage to its image or to suffer long-term consequences. Battey (2000) says it is vital for an organization to communicate early and often after a crisis has occurred. Bill Patterson, president of Reputation Management Associates in Columbus, Ohio, says the Internet should play a key role in an organization's crisis management plan. "In a crisis situation, companies need to post information on their Web site as quickly as possible because the Web is increasingly becoming the first place that consumers, investors, and even the media turn to get information in turbulent times" (Battey, 2000, p. 48). Ron Quagliara, CTO and senior vice president of research and development of Emulex said,

> You prepare for the ten minutes of excitement with years of mundane activity. If you're going into any sort of battle, you have to be prepared for any errant turns the situation may take. That means you have to consider the alternatives and have

plans in place. Then, if something bad does happen, you won't have to spend time thinking what should be done. (Battey, 2000, p. 48)

Benoit and Brinson (1994) used Benoit's theory of image restoration discourse to analyze AT&T's long distance service interruption in New York September, 17,1991. The interruption "blocked more than five million calls into and out of New York" (Andrews, 1991, as cited by Benoit & Brinson, 1994, p. 75) and "caused all air service in and out of the New York Metropolitan area to be halted for several hours, stranding tens of thousands of passengers" (Cushman, 1991, as cited by Benoit & Brinson, 1994, p. 75). AT&T's rival, Sprint, placed an advertisement in the *New York Times* claiming that AT&T spends millions of dollars advertising dependability instead of delivering dependable service.

The power for AT&T's long distance switching plant in New York City comes from its own generators. On September 17, 1991, a rectifier broke down causing the switching plant to switch over to battery power. The batteries supplied enough power to allow the long distance service to work for six hours. Alarms were made to signal employees that the power was interrupted, but these alarms continued unnoticed for nearly six hours. Once the problem was detected, there was not enough time to repair the rectifier before long distance service was disrupted (Schwartz, 1991 & McCarroll, 1991, as cited by Benoit & Brinson, 1994).

The disruption was of great magnitude because it not only blocked more than five million calls in New York City, but it also stopped airplanes at New York City's three major airports and stranded passengers. Flights also were disrupted in Boston, Philadelphia, Washington, and most other Northeastern airports because the control center in New York was unable to communicate with the other control centers (Hevesi, 1991, as cited by Benoit & Brinson, 1994). Benoit and Brinson argued the service interruption was "more than simple inconvenience: it was potentially disastrous" (p. 78).

Andrews (1991 as cited by Benoit & Brinson, 1994, p. 75) explained, "The mishap is a big embarrassment for the American Telephone and Telegraph Company that is sure to tarnish its reputation for reliability and up-to-date technology." The crisis significantly affected AT&T's reputation. Benoit and Brinson (1994) named five factors that amplified the damage to the company's image. The first factor was AT&T's advertising campaign. AT&T stressed dependability in its advertisements. "My expectations are high—I lose patience with things I can't count on. That's why I like AT&T. I never have to worry" (*Time*, 1991, as cited by Benoit & Brinson, 1994, p. 79).

AT&T's image was further damaged because this was not the only time its service had been interrupted. AT&T could not claim this to be an isolated incident because it was the third time in less than two years that service had been interrupted. Third, AT&T's rivals quickly took advantage of the situation and described how AT&T customers could use their long distance services (Benoit & Brinson, 1994). A U.S. Sprint ad claimed, "Last year AT&T spent half a billion dollars advertising reliability. We spent that much delivering it" (*New York Times*, 1991, September 23, as cited by Benoit & Brinson, 1994, p. 79). AT&T's image also was damaged as a result of governmental investigation into the situation and the thorough media coverage given to the crisis.

Because of this coverage, even people not affected by the interruption learned about it (Benoit & Brinson, 1994).

Benoit and Brinson (1994) said AT&T's response to the situation consisted of three stages. From the beginning, AT&T officials shifted the blame to lower-level union workers at the power plant. These workers were blamed for violating company procedures and failing to properly inspect the equipment. The Communication Workers of America union denied these claims. Robert Swanson, secretary treasurer of the CWA local 1150 in New York, said, "The company [AT&T] is blaming people who weren't even there. They were at a class to learn about a new computerized alarm system" (Andrews, 1991, as cited by Benoit & Brinson, 1994, p. 81).

Benoit and Brinson (1994) labeled AT&T's next stage as mere confusion. While AT&T admitted these employees were attending class, the company also claimed that some of the alarms were not functioning properly. Benoit and Brinson said these inconsistencies served only to cause more doubt to arise about AT&T's role in the situation. AT&T officials ultimately admitted that AT&T technicians were not responsible and that management could have avoided the problem if appropriate steps had been followed. Robert E. Allen, chair of AT&T also wrote a letter to all AT&T employees in which he admitted the company had done a poor job of handling the situation.

According to Benoit and Brinson (1994), the final stage was apology. Allen published a letter of apology in the September 23, 1991, issues of the *New York Times*, the *Wall Street Journal*, and the *Washington Post*. Benoit and Brinson analyzed the letter, which they say includes three image restoration strategies: mortification, corrective action, and bolstering.

Allen began the letter by accepting full responsibility for the disruption in service and apologizing to everyone affected by the disruption. The second strategy, taking steps to correct the problem, was a key theme throughout the letter. Allen said the cause of the problem had been identified, and he admitted that AT&T management could have prevented the incident if proper procedures had been followed. "We have already taken corrective and preventive action at the affected facility" (as cited by Benoit & Brinson, 1994, p. 82). Allen continued by saying he had "directed a thorough examination of all of our facilities and practices, from the ground up" (as cited by Benoit & Brinson, 1994, p. 82). The company also promised to spend billions of dollars over the next few years to make AT&T's service more reliable.

Bolstering, the final strategy, was utilized throughout the letter as a way to improve AT&T's image and remove negative feelings surrounding the situation. Benoit and Brinson (1994) believe that by taking responsibility for the incident and taking steps to prevent future occurrences AT&T was able to improve the negative image it developed as a result of the incident. Although AT&T initially evaded responsibility for the incident, Benoit and Brinson said the company's positive actions following this served to undo most of the harm done to its image in the beginning.

Fishman (1999) used Benoit's theory of image restoration discourse to analyze the 1996 crash of ValuJet flight 592 into the Florida Everglades. All five of Benoit's strategies were used in ValuJet's response to the crash. Fishman said image restoration discourse views an organization's reputation as its most important asset. When faced with a crisis, an organization seeks actions that will provide the greatest benefits to its image or reputation with the least costs.

Benoit and Czerwinski (1997, September) analyzed USAir's response to its 1994 crash that killed 132 people. Benoit's theory also has been used to evaluate Sears' attempt to restore its tarnished image after accusations of overcharging customers (Benoit, 1995b, Spring-Summer). The authors argued that USAir and Sears both responded ineffectively to their crisis situations, causing more harm to their company's image.

Johnson & Johnson's handling of its 1982 and 1986 Tylenol capsule poisonings are considered textbook cases of how to act when a crisis arises. From the beginning, Johnson & Johnson fully dedicated itself to the investigation. Because of Johnson & Johnson's effective crisis management, the company was able to save the Tylenol brand. A year after the 1982 poisonings, Tylenol had regained more than 80 percent of the market share it possessed prior to the crisis (*Tylenol's 'Miracle' Comeback*, 1983).

Johnson & Johnson was praised by President Reagan for its handling of the crisis. He said, "In recent days [you] have lived up to the very highest ideals of corporate responsibility and grace under pressure" (Powell, 1986, p. 52). Johnson & Johnson received much acclaim and favorable press for its response to these crises, and as a result, the company frequently is used as an example of how to respond in a crisis situation. Three of Benoit's strategies were used in Johnson & Johnson's response to the poisonings. These include bolstering, compensation, and corrective action.

During the 1970s, Tylenol overcame Crest's 18-year control of the over-the-counter analgesics market and became the highest selling item in drug, food, and mass merchandising outlets (Mitchell, 1989). In 1982, seven people were killed after taking Tylenol capsules laced with cyanide. This resulted in more than 125,000 stories in the print media alone and caused Tylenol's market share to plunge from 37 percent before the poisonings to 7 percent after the poisonings (Mitchell, 1989; Koepp, 1986). After the deaths, Tylenol received more than $1 billion in negative publicity (Mitchell, 1989).

Johnson & Johnson employed the strategy of corrective action when James Burke, the company president, spent $300 million to recall 31 million capsule packages and to promote the new triple sealed packages (Koepp, 1986). Foil was glued across the mouth of the bottle, which was then sealed with a plastic wrapper and placed in a carton that tore when it was opened (*Drugs-Not Yet Tamperproof*, 1986). Tylenol's comeback is unparalleled in history.

"Developments in the packaging industry have been underway for some time now, but the Tylenol scare has given them new urgency," said Hugh Lockhart, professor at Michigan State's School of Packaging (Richards, 1983, p. 51).

From the beginning, Johnson & Johnson fully dedicated itself to the investigation. Burke made appearances on *Donahue* and *60 Minutes*. Following the recall, a campaign was started to relaunch the capsules. Ten weeks later capsules were back in stores in new, triple-sealed packages. To reintroduce the capsules, Johnson & Johnson gave away 80 million $2.50 coupons that were redeemable toward any Tylenol product (*Tylenol's 'Miracle' Comeback*, 1983).

A year after the poisonings, Tylenol had regained more than 80 percent of the market share it possessed prior to the crisis. "It's a miracle, pure and simple. The consensus among shrewd advertising executives on Madison Avenue was that the brand name would never recover," said Joseph Riccardo of the Bear, Stearns Investment Banking Firm (*Tylenol's 'Miracle' Comeback*, 1983, p. 67).

Johnson & Johnson and its public relations firm, Burson-Marsteller, were honored by the Public Relations Society of America's Honor and Awards Committee in March 1983 when they were given the Silver Anvil Award for their management of the crisis (Wilson, 1995).

One Wall Street observer said, "Johnson & Johnson management were quick to cast themselves in the role of self-sacrificing servants of the people. They generated enormous public sympathy and managed to convince most Tylenol consumers that [the consumers] owed the company cooperation in saving the product" (*Tylenol's 'Miracle' Comeback*, 1983, p. 67).

Diane Elsroth died in February 1986 after taking two Extra-Strength Tylenol capsules laced with cyanide. Elsroth's death touched off a new scare reminiscent of the 1982 crisis. The cyanide-laced capsules were traced to a supermarket in Bronxville, New York. Five days later, five more contaminated capsules were found at a Woolworth store just two blocks away. Johnson & Johnson's stock dropped six points during the week after Elsroth's death (Davidson, 1986).

After the 1986 tamperings, Johnson & Johnson asked retailers to remove the 200,000 bottles that were in the same lot as the tainted capsules, an example of corrective action (*Another Tylenol Tragedy*, 1986). Tylenol's competitors immediately boosted their advertising after the second tampering crisis. This was in contrast to the hush that followed the first tampering crisis. A week after Elsroth's death, a survey reported that 52 percent of Johnson & Johnson's capsule users wanted the company to continue to produce them. However, on February 16, Johnson & Johnson decided it had no choice but to stop manufacturing capsules. Eight days after Diane Elsroth died from taking poisoned Tylenol capsules, Johnson & Johnson stopped producing capsules, another example of corrective action (Powell, 1986).

Three days later, Johnson & Johnson placed full-page advertisements in 400 newspapers giving consumers the chance to swap Tylenol capsules for caplets, capsule-shaped tablets that are just as easy to swallow as capsules, at Johnson & Johnson's expense. The company also sent 100,000 mailgrams to doctors, pharmacists, and hospitals publicizing the caplets as an effective alternative to capsules. In addition, public service announcements aired on television asking consumers to try caplets (Edwards, 1986).

The tamperings had the potential to completely destroy Tylenol. Industry experts believed the Tylenol brand was dead (Mitchell, 1989). However, the company staged what has been called a "miracle" comeback by many people (Koepp, 1986, p. 59). Because of Johnson & Johnson's effective crisis management, the company was able to save the Tylenol brand. This case illustrates how important a brand is to a company.

Shimp (2000, p. 6) wrote, "A well-known and respected brand is an invaluable asset." For consumers, brands provide a promise of consistent performance. In addition, consumers come to expect a certain amount of quality, convenience, and status from a particular brand. In *Advertising Promotion: Supplemental Aspects of Integrated Marketing Communications*, Shimp (2000, p. 648) defined brand equity as "the goodwill (equity) that an established brand has built up over the period of its existence." A brand's equity is based on how familiar consumers are with the brand and how strong and favorable their images of the brand are (Keller, 1993, as cited by Shimp, 2000).

Robert Wehling (1998, as cited by Shimp, 2000, p. 6), senior vice president for advertising and marketing research at Procter & Gamble, explained the role that brands play for consumers.

> When you [the consumer] have a brand like Tide [detergent], you don't have to think a lot about it. You know that it's going to give you the best performance, the best value and get the job done without question. Great brands bring an element of simplicity to what is a very complex world. I believe as strongly as I possibly could that we're [i.e., P&G] going to be selling Tide and Crest and Pampers and Folgers and Downy 50 years from now, and they're going to be bigger and better than they are today.

There are two types of brand knowledge that together form brand equity: brand awareness and brand image. Brand image deals with the thoughts a consumer has when thinking about a particular brand. These thoughts can be measured based on their type, favorability, strength, and uniqueness (Shimp, 2000).

Light and Morgan (1994, as cited by Shimp, 2000, p. 11) explained the significance of brand loyalty.

While marketers have long viewed brands as assets, the real asset is brand loyalty. A brand is not an asset. Brand loyalty is the asset. Without the loyalty of its customers, a brand is merely a trademark, an ownable, identifiable symbol with little value. With the loyalty of its customers, a brand is more than a trademark. A trademark identifies a product, a service, a corporation. A brand identifies a promise. A strong brand is a trustworthy, relevant, distinctive promise. It is more than a trademark. It is a trustmark of enormous value. Creating and increasing brand loyalty results in a corresponding increase of the value of the trustmark.

The company's success has been attributed to its social responsibility philosophy. Lawrence G. Foster (1983, as cited by Wilson, 1995, p. 293), vice president of public relations for Johnson & Johnson during the crisis, said, "During the crisis phases of the Tylenol tragedy, virtually every public relations decision was based on sound, socially responsible business principles, which is when public relations is most effective."

Bolstering can be seen in Johnson & Johnson's quick response to the tamperings, which showed customers that their safety was the company's main concern (Bordwin, 1999). Although Johnson & Johnson was not responsible for the tamperings, the company responded before the entire situation was known. This resulted in support from its customers (Seglin, 2000).

Johnson & Johnson completely devoted itself to the investigation. "Anything we wanted from them we got. The president of the company called and asked it I thought a reward might help. Before I could raise the possibility of $20,000, he was asking if $100,000 would be enough," said Tyrone Fahner, Illinois attorney general and head of the investigation (*Tylenol's 'Miracle' Comeback*, 1983, p. 67). The reward is an example of compensation because Johnson & Johnson was attempting to show the victims' families that it wanted to solve the crimes and catch the killer.

CHAPTER III

RESEARCH STUDY

Organizations respond to crisis situations in different ways. When an organization is faced with a crisis situation, it is important for the organization to remember there is no magic formula or set of rules that will work every time. Each crisis is unique and must be handled on an individual basis. The negative impact of crises can be lessened when organizations respond promptly and openly. The recent incident involving Firestone and Ford illustrates the importance of being prepared for crisis situations when they arise.

On August 9, 2000, Bridgestone/Firestone announced a recall of 6.5 million of its 15-inch Radial ATX, ATX II, and Wilderness AT tires, most of which are factory-installed on Ford sport utility vehicles (*How Will Firestone and Ford Steer Through This Blowout?* 2000). The recall was initiated after reports of tread separations, primarily on Ford Explorers, that caused the vehicles to roll over or crash, killing 203 people and injuring more than 700 (*Firestonewalling*, 2000; Bradsher, 2001d, June 24; *Peeling Apart*, 2001). The recalled tires lose their tread at high speeds and cause drivers to lose control of their vehicles. Sport utility vehicles are especially dangerous because they roll over four times more often than cars (*Throwing the Brakes on Tires that Peel Out*, 2000).

This is the highest death toll linked to a vehicle-related recall (Vernadakis, 2000). The recall is the second-largest tire recall in history, surpassed only by Firestone's 1978 recall of 14.5 million tires (Lavelle, 2000). The 1978 recall is linked to 41 deaths and led to the company's acquisition by Bridgestone (Vernadakis, 2000). Of the 6.5 million tires that were recalled, 5,377,586 had been replaced as of November 29, 2000 (*Firestone*, 2000a).

The recall had the potential to completely destroy Firestone. The company's crisis management, mainly silence and denials, left Firestone with little credibility, and many people became hesitant to buy any Firestone tires although most of the tires were safe (Eskenazi, Forster, Greenwald, Larimer, & Szczesny, 2000). Since the beginning, Firestone has used five of Benoit's tactics repeatedly.

Firestone used simple denial when Bridgestone President Yoichiro Kaizaki denied Firestone intentionally kept the tire defects a secret from the government (*Ford Diverts More Tires*, 2000). However, safety activists claim Ford and Firestone knew about the problems (Lavelle, 2000).

In addition to charges in the United States, both companies faced possible criminal charges overseas. There were at least 46 deaths in Venezuela, and the Venezuelan government accused both companies of hiding deadly flaws in "the assassin tires" to advance their "commercial interests" (*Spinning Out of Control*, 2000, p. 58). Ford and Firestone also denied these accusations but admitted they began discussing the problem in 1998 (*Spinning Out of Control*, 2000). Furthermore, Ford replaced 46,912 Firestone tires in four countries overseas from August 1999-2000 (*Questions Unanswered*, 2000).

However, there was mounting evidence they knew about the problems for several years. Lawsuits were filed against both Ford and Firestone as early as 1991 (*Spinning Out of Control*, 2000). Gag orders, which prevent victims from discussing the lawsuit or settlement, were issued in early cases (*Tiremaker, Ford Plead Ignorance*, 2000).

"That is enormously troubling. I assume that some knew what the risks were, but the gag orders prevented most people from knowing what the risks were, and others then purchased products and lost their lives because of them. That's just unforgivable," said Senator Byron Dorgan (*Tiremaker, Ford Plead Ignorance*, 2000, p. 1008256u4998).

Besides the overseas accidents, plaintiffs' lawyers claimed that since 1998 their clients had told them of accidents in the United States in which the tread of Firestone tires on Ford vehicles wore away (Lavelle, 2000). Despite these numerous complaints, Firestone continued to maintain that nothing was wrong with the tires made at its plant in Decatur, Illinois (Holstein, 2000). Like the early cases, many of these cases also were settled under a gag order (Lavelle, 2000).

A July 28, 2000, e-mail from Venezuela was the first indication Strategic Safety investigator Sean Kane had that Bridgestone/Firestone suspected a problem. Firestone tires were blamed for accidents overseas involving Ford Explorers. Although similar accidents occurred in the United States, Ford and Firestone both remained silent until the federal government stepped in. It was only then that Firestone announced its recall (Lavelle, 2000).

As a result, the federal government considered changing the way it regulates vehicle safety. Although the National Highway Traffic Safety Administration (NHTSA) has not outlined details of its proposal, it would make it mandatory for automakers to report warranty claims, defects, personal injury lawsuits, and any recall information given to dealers. Presently, automakers are not required to automatically file warranty information to the NHTSA, but the NHTSA may request warranty information after an investigation begins (Connelly, 2000).

A March 12, 1999, internal Ford memo revealed Firestone had "major reservations" about recalling tires in Saudi Arabia because Ford and Firestone would have to inform the NHTSA (Eskenazi, et al., 2000, p. 38). While Firestone continued to claim its tires were not defective, Ford quietly began to replace tires in the Middle East without telling anyone (Eskenazi, et al., 2000). Saudi Arabia has now prohibited the import of Firestone tires (*Saudi Arabia Bans All Firestone Tires*, 2000).

Firestone shifted the blame when it failed to say exactly what it knew and decided to point fingers at Ford for suggesting a lower tire pressure and at drivers for failing to maintain the tires properly (Eskenazi et al., 2000). Ford requires a tire pressure of 26 psi, but Firestone recommends 35 psi (*Tiremaker, Ford Plead Ignorance*, 2000). Ford lowers the tire pressure in Explorers because it creates a softer ride (*Analysis*, 2000). Eighty percent of the accidents occurred in Arizona, California, Florida, and Texas, which had Firestone suggest there was a link between tire performance and heat (*How Will Firestone and Ford Steer Through This Blowout?* 2000).

Initially, Firestone claimed the recall was intended to bolster customer confidence, not because the tires were flawed. "We believe that these tires, when properly inflated and maintained, are among the safest on the road," said Executive Vice President Gary Crigger (Lavelle, 2000, p. 48). He said that a Firestone investigation concluded that most of the accidents occurred because of underinflation of tires or poor maintenance by vehicle owners (Lavelle, 2000). A survey by CNW Marketing and Research reported that only four percent of drivers would replace their existing tires with Firestone tires, and 58 percent of SUV buyers believed Ford should stop using Firestone tires on its vehicles (Eskenazi, et al., 2000).

Firestone employed the strategy of corrective action in November 2000 when it expanded its warranty coverage and money-back guarantee to include 97 of its 107 car and light truck tire lines. The warranty and money-back guarantee previously included 53 models. With the expanded recall, only 10 spare and snow tire lines were not included (*Firestone Extends Tire Warranties*, 2000). By increasing the number of tires covered by its warranty and money-back guarantee, Firestone attempted to fix the problem.

In September 2000, Masatoshi Ono, CEO of Bridgestone/Firestone, expressed "deep regret and sympathy to the American people and especially to the families who have lost loved ones in these terrible rollover accidents. I come to accept full and personal responsibility on behalf of Bridgestone/Firestone for the events that led to this hearing," said Ono (*Tiremaker, Ford Plead Ignorance*, 2000, p. 1008256u4998).

On October 10, 2000, John Lampe was named the new CEO of Bridgestone/Firestone. In his first public address he said, "I want my first act as the new CEO to be a sincere apology to those who have suffered personal losses or who have had problems with Firestone tires. We can debate over cause and responsibility for there is much that is not known. But that does not change the fact that there have been tragic accidents, and for this I am deeply sorry" (*Firestone*, 2000b, October 10, http://mirror.bridgestone-firestone.com/news/corporate/news/001010a.htm). Both of these statements were examples of mortification.

Brand strategists say people will decide themselves whether they think a company has taken responsibility for a problem. "You have to say, 'We screwed up,' and then fix the problem," said David Asker, vice chairman of Prophet Brand Strategy. "If you argue and say, 'It wasn't our fault' or 'There wasn't enough air pressure,' you might be dead right but from a branding point of view, it's a disaster" (Holstein, 2000, p. 64).

CNW Marketing Research surveyed 2,800 prospective automobile buyers on August 24, 2000. Of these, 81 percent thought Firestone was to blame for the tire problem, 8.5 percent blamed Ford, and 10.5 percent believed both companies were at fault (Holstein, 2000).

After a four-month internal investigation concluded in December 2000, Firestone's engineers found multiple causes for its faulty tires including manufacturing mistakes, increased vehicle weight and customer abuse. Simple manufacturing decisions such as whether to use rubber pellets or rubber sheets and whether grooves in a tire's tread are slanted or straight were partly to blame (Bradsher, 2000, December 19).

However, the engineers also blamed Ford for increasing the Explorer's weight during the 1990s saying this hindered the tires' load-bearing capacity. In addition, drivers were blamed for not keeping their tires inflated properly and for incorrectly repairing flats. Despite continued finger pointing, the announcement in December 2000 marked the first time that Firestone publicly admitted any responsibility for the faulty tires (Bradsher, 2000, December 19).

In comparison, an analysis released by Ford in April 2001 blamed Firestone tires' design and drivers' maintenance of the tires for the rollovers. Ford concluded the Explorer's design did not make the vehicle more inclined to rollovers than other midsize sport utility vehicles. However, Firestone officials believe Ford is exaggerating problems with the tires (Bradsher, 2001b, April 20).

In an attempt to regain customer confidence, Bridgestone/Firestone began the largest advertising campaign in its history in April 2001. The campaign included television and print ads emphasizing safety and featured Lampe promising customers that the company is dedicated to manufacturing safe tires. The print ad ended with a statement from Lampe, "We'll make it right. It's that simple" (Bradsher, 2001a, April 5, p. C1).

In addition to the new advertising campaign, Firestone created three top-level committees to reexamine its quality controls, production operations and tire design. It also increased its tracing of tires installed on vehicles sent overseas and analyzed the materials and techniques used in the manufacturing process. Research conducted by Firestone revealed that women had less trust in the company since the recall than men. In an attempt to regain women's trust, the company began advertising during morning and evening news programs and news magazine shows such as *60 Minutes* instead of just during auto racing events targeted at car enthusiasts (Bradsher, 2001a, April 5).

In addition to the emphasis on safety, Firestone also created advertisements featuring race car drivers Mario and Michael Andretti who stressed how vital it is for consumers to rotate their tires, keep them properly inflated and check them for damage

(Bradsher, 2001a, April 5). To encourage consumers to do this, Firestone gave away 2.5 million free tire gauges at its dealerships and company-owned stores and sent free gauges to the first 50,000 people who signed-up for tire information on the company's recently-created Web site, tiresafety.com (Bradsher, 2001a, April 5).

In contrast to Firestone's campaign focused on safety, Ford's television advertisements did not mention safety, and its print ads only referred to safety indirectly in fine print. Instead, the television advertisements spotlighted the Explorer's new design as a sports utility vehicle for consumers who wanted a vehicle to enrich their lives while enjoying activities such as hiking and fishing. While C.B. Bhattacharya, an associate professor of marketing at Boston University, believes Ford's decision to not highlight safety in its campaign is reasonable, he says Firestone did not have a choice (Bradsher, 2001a, April 5). "It's not just a good idea, it's the only option they have—Firestone has its back to the wall. Ford wants the public to believe the problem is Firestone's problem, while Firestone really doesn't have that luxury," Bhattacharya said (Bradsher, 2001a, April 5, p. C1).

The finger pointing continued May 22, 2001, when Ford announced that it would replace an additional 13 million Wilderness AT tires made at Firestone's Wilson, N.C., plant, as well as two other Firestone plants because the tires deteriorated substantially with age. This is in addition to the 6.5 million tires originally recalled by Firestone during the fall of 2000. Again Firestone denied Ford's accusations and contended that Explorer's design is partially responsible for the accidents. To support its allegations, Ford released photographs and a video of a Wilderness AT tire manufactured in the

Wilson plant that showed it coming apart when tested by Ford (Bradsher, 2001c, June 15).

However, members of the House Energy and Commerce Committee were not convinced by Ford's information about the Explorer. Billy Tauzin, chair of the committee, was skeptical about the broad scope of Ford's tire recall because he said Ford failed to provide the committee with data supporting the company's decision to recall the tires. Tauzin also said the committee had proof that some of the replacement tires used by Ford performed worse than the original Firestone tires (*Mac-Neil-Lehrer Newshour*, 2001). Ken Johnson, a spokesperson for Tauzin said, "While Ford's busy spinning its story in the press, our investigators are left spinning their wheels. Ford has still not answered a truckload of questions" (Bradsher, 2001c, June 15, p. C4).

In July 2001, a week before the Congressional hearings examining the Ford/Firestone controversy were scheduled to begin, Firestone officials sent Dennis Guenther, a professor at Ohio State University, to meet with Congressional aides and persuade them that the Explorer--not Firestone tires--was responsible for the deadly crashes. Guenther's research revealed a design defect in the Explorer that causes the vehicle to roll over when its tires lose their tread (Dixon, 2001).

Finger pointing continued at the Congressional hearings. In opening statements, members of the House Energy and Commerce Committee's oversight and investigations subcommittees questioned the information provided by Ford and Firestone. James Greenwood, chair of the subcommittee, said that while he was not accusing either company of providing misleading information, he questioned each company's analysis that placed the blame on the other. Ford's Nasser said that based on its data the company did not have any choice but to replace the tires. "Without this action our customers' safety would have been at risk" (*CNNMoney*, 2001, http://money.cnn.com/2001/06/19/recalls/ford_firestone/). Nasser continued to defend the Explorer's safety. "It bears repeating, this is a tire issue and only a tire issue. The government confirmed last year this is a tire problem" (*CNNMoney*, 2001, http://money.cnn.com/2001/06/19/recalls/ford_firestone/).

However, Firestone's Lampe provided test data directly contradicting Ford's data and pointed fingers at the safety of the Explorer. "No one cares more about the safety of the people who travel on our tires than we do. We're doing our part. We're taking responsibility for our products. We're doing what's right by asking the tough questions about the Ford Explorer" (*CNNMoney*, 2001, http://money.cnn.com/2001/06/19/recalls/ford_firestone/). Lampe said Ford Explorers without Firestone tires are still rolling over in Venezuela, and he accused Ford of replacing Firestone tires with other tires simply as a diversionary tactic.

In October 2001, Firestone recalled an additional 3.5 million Wilderness AT tires after the government placed increased pressure on the company. This recall concluded the NHTSA's year-and-a-half long inquiry into Firestone tires' tread separation. The recall and the investigation apply to tires manufactured before May 1998 because the NHTSA concluded the tread separation "rarely" occurred until the tires had been used for at least three years (Gilpin, 2001). In the spring of 1998, Firestone altered the material composition of its tires and added a thicker wedge. Since then there have been only a few tread separations, but NHTSA officials said this could be because the tires are still fairly new (*ABC News*, 2001). The NHTSA will continue to observe the performance of tires manufactured since May 1998 (Gilpin, 2001).

According to the *New York Times*, a group of personal-injury attorneys and one of the United States' top traffic-safety consultants discovered problems with Firestone ATX tires installed on Ford Explorers in 1996. However, the group did not report their findings to the National Highway Traffic Safety Administration until 2000 because they feared the information could jeopardize private lawsuits against Firestone. Of the 203 tire-related deaths reported to the NHTSA, 190 occurred after 1996 (Bradsher, 2001d, June 24).

Sean Kane, an investigator at Strategic Safety, a top traffic-safety consulting firm, discovered more than 30 cases of tire failure, but Kane and the attorneys decided not to complete the safety complain forms (Bradsher, 2001d, June 24). "Everyone was very leery of the agency getting involved with this because a number of plaintiff lawyers have been burned when an investigation has been opened and closed without finding a defect," Kane said (Bradsher, 2001d, June 24, p. 1).

Dr. Ricardo Martinez, a NHTSA administrator from 1994 to 1999 and a trauma physician, was shocked to learn that this information was not reported sooner (Bradsher, 2001d, June 24). "It's outrageous—I can't say that enough. If I saw something was killing my patients and I didn't say anything because that would reduce the demand for my services, I would be putting my benefit over the benefit of my patients and the public, and that would clearly be unethical" (Bradsher, 2001d, June 24, p. 1).

The NHTSA's report, which is a major victory for Ford, stated, "Claims and complaint data indicate that a tread separation on an Explorer is no more likely to cause a crash than on other SUVs" (Gilpin, 2001, p. C3). Lampe responded by saying, "We do not agree with NHTSA's findings. We recognize that a lengthy confrontation with NHTSA would continue to bring into question the quality of our products and delay our ongoing work of rebuilding the company" (Gilpin, 2001, p. C3).

More than 500 lawsuits have been filed against Ford and Firestone because of tire-related crashes (Vertuno, 2001). In January 2001, Ford and Firestone settled the first case scheduled to go to trial out-of-court for an undisclosed amount a day before jury selection was scheduled to begin. Donna Bailey was paralyzed from the neck down in March 2000 when her friend's Ford Explorer rolled over after treads on the vehicle's Firestone tires separated. Bailey and her two children sued Ford and Firestone for $100 million but settled for an undisclosed amount (Stack, 2001).

The first trial in the Ford/Firestone controversy ended in August 2001 with Firestone agreeing to pay $7.5 million to Marisa Rodriguez who was left paralyzed and brain damaged when the steel belt and tread on the right rear tire tore apart causing the Explorer to roll over. During the trial, Rodriguez's lawyers argued that Firestone officials knew the tread was more likely to separate but refused to fix the problem. Although Firestone agreed to the settlement, the company did not take responsibility for the accident. Ford settled with the Rodriguezes for $6 million before the trial began. In all, Firestone has settled more than 200 cases with approximately 300 still pending. (Vertuno, 2001).

In November 2001, Firestone agreed to pay $41.5 million in a settlement with the states in the tire death lawsuits. In the settlement, the 50 states, Washington, D.C., Puerto Rico and the Virgin Islands each received $500,000. Firestone also agreed to spend $5 million on consumer education and $10 million to repay the states' attorneys' fees (Pickler, 2001).

Holstein (2000) thinks Firestone will suffer more long-term consequences than Ford, and Bridgestone may be forced to get rid of the Firestone brand completely. "The Firestone name is the one that gets the grief—Bridgestone does not. If Bridgestone were to let the Firestone name disappear … that might be the salvation," said Art Spinella, vice president of CNW Marketing Research (Holstein, 2000, p. 65).

Analysts believe the recall could cost Firestone $500 million dollars. "It's a major financial and public relations problem," said Nicholas Lobaccaro, a Lehman Brothers automotive analyst (*How Will Firestone and Ford Steer Through This Blowout?* 2000, p. 54).

Despite this, Firestone executives believe the company will survive. "We're going to have to struggle a bit to rebuild consumer confidence," Bridgestone/Firestone executive vice president John Lampe told *Time* in September 2000 before being named CEO. "[But] we definitely feel the brand can be saved" (Eskenazi, et al., 2000, p. 38).

CHAPTER IV

CONCLUSION

Planning for a crisis before it occurs may lower response time and even prevent mistakes in an organization's initial response. Potential crises should be identified, and preparations for these should be made. When a crisis happens, Benoit (1997) says it is essential to understand the crisis itself and the audience. What are the allegations or suspicions? These must be understood for an organization to respond properly. It also is important to identify the key publics and adapt messages to these key publics.

Organizations respond to crisis situations in different ways. When an organization is faced with a crisis situation, it is important for the organization to remember that there is no magic formula or set of rules that will work every time. Each crisis is unique and must be handled on an individual basis.

Firestone and Ford have been criticized for the way they handled the crisis. In a crisis, it is important to do more than you are required, but Firestone and Ford have consistently waited for the government to respond before acting (Eskenazi, et al., 2000). The negative impact of crises can be lessened when organizations respond quickly and effectively (Vernadakis, 2000). Firestone's and Ford's failure to respond promptly and openly only served to cause the companies more harm. This crisis should teach other organizations important lessons about how not to respond during a crisis.

Effective crisis management is increasingly important to organizations in today's competitive marketplace. The negative impact of crises can be lessened when organizations respond promptly and openly. Shimp (2000, p. 611) summarized the importance of crisis management when he wrote,

> Negative publicity can hit a company at any time. The lesson to be learned is that quick and positive responses to negative publicity are imperative. Negative publicity is something to be dealt with head-on, not denied. When done effectively, reactive MPR can virtually save a brand or a company. A corporate response immediately following negative publicity can lessen the inevitable loss in sales.

While much research surrounding crisis communication addresses what to do before and after a crisis, Benoit's theory focuses on message options and what an organization can say when it is faced with a crisis situation. In future studies, Benoit's theory of image restoration discourse could be applied to numerous crisis situations including military crises and government crises. The U.S. Navy recently experienced crises and tragic occurrences that forced it to examine its emergency and crisis management procedures. In a two-month timespan in 2001, three incidents occurred involving the U.S. Navy. All three of these incidents forced Navy officials to answer the question, "Why?"

On February 9, 2001, the USS Greeneville struck and sank a Japanese fishing boat off the coast of Pearl Harbor, killing nine people (*A Captain's Story*, 2001). During a training mission on March 12, 2001, a Navy pilot mistakenly dropped three 500-pound bombs on an observation post in Kuwait, killing six people and seriously wounding three others (Dao, 2001). On April 1, 2001, a U.S. Navy surveillance plane collided with a

Chinese fighter jet in the South China Sea. The pilot of the Chinese fighter jet is missing, and the 24 crew members of the Navy surveillance plane were held in China (Song, 2001).

The recent Enron scandal, which is considered the largest corporate collapse in history, also could be examined using Benoit's theory of image restoration discourse. Almost immediately, finger pointing began surrounding whether Enron published misleading information and withheld the truth about its financial status.

In addition, the government's response and actions following the September 11, 2001, attacks could be studied as well. The possibilities for future study using Benoit's theory are endless.

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