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\$16.7 Million To Save One Reputation: How Starbucks Responded Amidst a Racial Sensitivity Crisis

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Written for COM 492: Public Relations Case Studies and Insights (Dr. Klive Oh)

Organization Profile

Overview of Case

In April of 2016, two black men were sitting in a Starbucks store (Gayle, 2018) when an employee claimed they had to leave since they had not made a purchase. The two men refused to leave the store, which prompted the Starbucks barista to call the Philadelphia Police, claiming that the two men were trespassing. A viral video showed the two men being arrested and caused a public out roar. After the public started several protests at multiple Starbucks locations, the chain decided to take serious action and closed over 8,000 stores for a day to run a racial bias training for their employees on May 29, 2018 (Rusche, 2018).

Starbucks racial bias training is relevant to worldwide publics, as this global brand interacts with different social classes and races every second of everyday. Awareness of race and the fight for social justice are analyzed and considered within company communication more than ever before in today's America. It is important that Starbucks, being a global company with a diverse racial customer base, consider and develop a sense of cultural sensitivity.

Background

Starbucks Coffee Company is a global coffee chain with over 28,000 locations

worldwide (Starbucks). The company first opened its doors in 1971 to the city of Seattle, Washington with the goal of serving the world's best cup of coffee. Howard Schultz, past chairman and chief executive officer of Starbucks, first tasted the product in 1981 (Starbucks). Like love at first sight, he joined the company a year later with the vision of bringing an Italian twist. Inspired by the social elements of coffee drinking in Italy and Europe, Schultz sought to bring this "sense of community" culture to America through each Starbucks cup (Starbucks). Their mission statement is "to inspire and nurture the human spirit – one person, one cup, and one neighborhood at a time" (Starbucks). Starbucks values their partners and employees. Their company traits include inclusivity, transparency, courage, and accountability (Starbucks).

Strengths

The company has experienced a steady revenue growth over the course of multiple years, resulting in the strong financial position they encounter today. "The company's revenues increased at a compound annual growth rate (CAGR) of 10.8% from US\$14,866.8 million in FY 2013 to US\$22,386.8 million in FY 2017" (Starbucks Corporation SWOT Analysis, 2018). Starbucks also offers a rewards program as an incentive for their customers to return with the

promise of free products in the future. Their financial position and loyalty program both contribute partially to Starbucks strong customer loyalty and brand recognition. With more than 29,000 locations worldwide, Starbucks customers come from different countries and cultures to amalgamate a diverse customer base (Statista, 2018).

Weaknesses

Starbucks can credit their success to the fast-paced work environment. However, through quick, impersonal interactions with consumers, the company may neglect and undermine the customer experience. This can translate to the company valuing quantity over quality. Considering racial bias, this immediate, distracting environment could allot for name misspellings or misunderstandings on coffee cups, or hasty responses when talking to a customer. Another weakness Starbucks encounters is its high prices which reduce the affordability of their products. It's "a weakness because it limits the company's market share, especially in areas with relatively lower disposable incomes" (Lombardo, 2018). It also encourages customers to try products from their more affordable competitors. There have been previous incidents of racial insensitivity within the company which were sparked by Starbucks "Race Together" campaign and other individual incidents in locations across the country. This affects customers and employee perceptions on the company.

Opportunities

The company has strong international presence, but expanding into developing markets could help raise the annual revenue growth to maintain a strong financial position. Another opportunity is to develop inclusive campaigns targeting minority groups to further expand their

customer base. Considering unconscious bias, Starbucks has the opportunity to impact different cultures and races through their international presence. With tasteful campaigns or thoughtful corporate social responsibility motives, Starbucks has the global power to change a community through their financial resources, large customer and employee base, or vast range of products. The company launched Starbucks Reserve Roastery and Tasting Room— a series of upscale stores that offer unique coffees and a premium experience. These stores can be found in select cities, and have quickly gained popularity. The expansion of Starbucks Reserve Roastery and Tasting Room is an opportunity for the company to target a different segment of customers.

Threats

Competitors to the company, such as Dunkin Donuts, The Coffee Bean, fast food restaurants and smaller independent stores offer more affordable prices which might appeal to the public. Imitation of products and their business model is another threat that the company must be aware of.

Protests and boycotts from activist have been, and continue to be, a threat to the company's reputation. In 2015, activists were outraged by Starbucks superficial, "Race Together," campaign, in which, baristas were encouraged to spark conversations of race with customers and write "race together" on cups (Shah, 2015). In 2017, activists became outraged again after two black men were arrested at a Starbucks under the charge of trespassing. Following this incident, Starbucks instituted a new policy where anyone could use their restrooms without a purchase. The new policy poses a threat to the company since customers are concerned that this restroom privilege will

aggravate an unintended homelessness problem in store locations (Henninger, 2018).

Principal Players

There were multiple principal players involved throughout the different stages of this case. Starbucks was a principal player because one of their Philadelphia stores was the location of the arrest which eventually led to a full-on PR crisis. Additionally, many Starbucks stores closed for a day to administer racial bias training.

The *manager at the Philadelphia store* was also principal player since he had a direct impact on the arrest of the two black men. All *Starbucks employees* can be considered principal players because their day-to-day relationships with customers were affected by the crisis. It is important to note that some of these employees were upset with the company for allowing such negative and racist behavior within the corporation. *The Philadelphia Police Department* played an important role and received backlash after one of their members arrested the two black men for sitting at a Starbucks location.

Two other very important principal players were Rashon Nelson and Donte Robinson, the two men arrested at the store. Their arrest resulted in the support and outrage of another principal player– the black community. Starbucks customers were supportive of the black community and reprimanded Starbucks for its lack of racial sensitivity. Finally, the participation of a variety of activists were also important since they gathered attention and public awareness for the situation.

Overview of What Happened

On Monday, April 12, 2018 two black men, Donte Robinson and Rashon Nelson, went to the Spruce Street Starbucks location in Philadelphia, Pennsylvania (Tornoe, 2018) to talk

about real estate opportunities (Held, 2018). “They had asked to use the restroom but because they had not bought anything, an employee refused the request” (Stevens, 2018). They remained seated inside the coffee shop waiting for a third friend to arrive before ordering any items off the menu (Held, 2018). The Starbucks manager asked the two men to leave. After refusing his request, the manager proceeded to call the police. Nelson and Robinson were arrested by the Philadelphia Police Force and taken out of the store in handcuffs. However, Starbucks did not press charges and the men were released. That same day a video of the event went viral on Twitter and Starbucks began to receive backlash for racial profiling. This led to a week of protest, accusations of racial discrimination and Starbucks commitment to do better (Held, 2018).

Philadelphia’s demographics consists of 41% white, 43.4% Black or African American, 12.3% Hispanic or Latino, and 6.3% Asian (Philadelphia, Pennsylvania Population, 2018). Thus, it is important to note the percentages of these demographics when considering the relationship between black and white individuals in Philadelphia. With the “Black Lives Matter” movement sweeping the nation in 2015 and ongoing police brutality in the United States, many Americans took offense to Starbucks racial bias discrimination that elevated the already tense social justice climate (Nodjimbadem, 2017).

Need for PR

The company needed PR to control and contain the message in an effort to salvage the corporation’s reputation. As an established brand with over 28,000 international locations, one incident could immensely damage their image. Furthermore, they needed to show that the corporation cared about Nelson and Robinson.

Finally, the company needed PR to produce standardized procedures to enable teaching on racial profiling.

On the other hand, activists sought to gain attention from the media through protests against Starbucks that would result in change to the issue of racism in America. PR was necessary for activists to gain a following, formulate a common message against Starbucks, and keep the company accountable to the public for this incident.

PR Related Events and Strategies & Tactics Used Timeline of Key PR Related Events

On April 12, 2018, two black men were arrested at a Starbucks store in Philadelphia for trespassing. The same day, a video of their arrest went viral on Twitter as the public was outraged. The Philadelphia Mayor's office and police department launched separate investigations of the situation on April 14, 2018. Philadelphia Police Commissioner Richard Ross released a video on Facebook defending his officers' actions (Tornoe, 2018).

On April 15, 2018, Starbucks CEO Kevin Johnson released a video statement apologizing. That same day, Asa Khalif, an activist for Black Lives Matter led a protest at the Starbucks store and demanded the manager be fired (Tornoe, 2018).

Protests outside the store continued on *April 16, 2018*. The crisis garnered more media attention after Johnson made an appearance on ABC's Good Morning America where he issued an apology. He later flew to Philadelphia to meet Nelson, Robinson, community leaders and government officials (Tornoe, 2018).

On April 17, 2018, Starbucks announced they would be closing 8,000 + locations on the

afternoon of May 29 to hold racial bias training for all employees (Tornoe, 2018). Later that day the police incident report was released revealing the two men had cursed at the manager and repeatedly insulted the police.

On April 19, 2018, Police Commissioner Ross apologized for making the situation worse with his Facebook video defending officers and announced that the department had drawn up new guidelines on handling future calls (Tornoe, 2018). However, the public was still furious with Ross and the Philadelphia Police Force. Dozens "protested outside the police headquarters and marched to City Hall, chanting, 'Police Department, you can't hide, we can see your dirty side'" (Madej, 2018).

Nelson and Robinson reached separate agreements with the city of Philadelphia and Starbucks on May 2, 2018. The city agreed to pay each of them one dollar and set up a \$200,000 program for young entrepreneurs (CBS, 2018). Meanwhile, Starbucks offered the two men free college tuition to complete bachelor's degrees at Arizona State University through an online program (CBS, 2018).

By May 29, 2018, 8,000 + Starbucks stores closed to train 175,000 employees on racial sensitivity.

Strategies and Tactics with Application to PR

Public Apologies

Starbucks first strategy to combat the racial bias crisis and negative news media attention was to release public apologies to the general public via social media and the internet through written statements and videos. The company's initial response was posted on their website, and a shortened version was uploaded on Twitter on April 14. The simple response read, "we apologize

to the two individuals and our customers and are disappointed this led to an arrest” (Starbucks, 2018). One day later, Starbucks CEO, Kevin Johnson’s public apology video to the two black men was released. Johnson expressed:

“I want to begin by offering a personal apology to the two gentlemen arrested in our store. What happened and the way that incident escalated, and the outcome was nothing but reprehensible and I’m sorry. I want to apologize to the community in Philadelphia and to all my Starbucks partners, this is not who we are and it’s not who we are going to be” (Johnson, 2018).

Johnson then flew to Philadelphia to meet with Philadelphia city officials, Nelson, and Robinson to personally apologize.

Starbucks worked in the reactive phase to resolve the conflict. Their initial statement was not empathetic, especially toward the black community (McGregor, 2018). However, Johnson’s video and press apology admitted fault (Johnson, 2018). He used the statement to make amends with the public and Philadelphia community. Solutions of change were presented in the apology through employee training, partner recognition and a meeting with Nelson and Robinson. Johnson did not shift blame elsewhere. Instead, he criticized and critiqued his own actions. He used the media as a tool to discuss the events that occurred and to take ownership of the crisis. Additionally, Johnson’s trip to Philadelphia, to meet with city officials and the two black men, allowed for a personal, face-to-face connection between a company executive and those directly impacted by Starbucks actions (Silva, 2018).

The issue of racial bias discrimination proved to be newsworthy for the media, since Starbucks and issues of race are both prominent and significant. In this case, the media acted as a watchdog. Media outlets monitored the situation for wrongdoings and injustice to keep a large corporation, like Starbucks, accountable to the public. Through sincere media relations, Starbucks was given a platform to express apologies and have healthy discourse with prominent media (McGregor, 2018). Starbucks used social media channels, like Twitter, to initially apologize. This led to greater media publicity and attention from a broad public audience to weigh into the discussion of racial bias from their personal computers.

Restroom Policy Change and Store Closures

The next strategy employed was to make a policy change which now allows anyone from the public to use their restrooms. This alluded to the idea that Starbucks is actively working to alleviate racial bias stigma, which may alter the judgement of employees giving access to those in need of restroom facilities (Henninger, 2018). Afterward, they closed stores nationwide and provided racial bias training as a strategy to recover their image. Closing the stores for training cost Starbucks \$16.7 million in lost sales.

In order to move toward recovery and image restoration after crisis, Starbucks implementation of store closures for racial bias training was an applaudable PR move. Jeff Dickerson, a crisis communications adviser in Atlanta, stated that he “thinks Starbucks is sending a strong message in doing this ... because ordinarily when large companies find themselves in this situation, they have counsel who will advise them against” admitting they had done nothing wrong (McGregor, 2018). The closure of 8,000

stores allowed for Starbucks to manage the crisis and demonstrate to the public their commitment to equip their employees with racial bias training (McGregor, 2018).

Racial Bias Training

Employees were given guidebooks and participated in sensitive conversations about race. They worked both individually and in groups with their coworkers. Groups proceeded to discuss the meaning of bias and reflect on the topics of identity and race. Additionally, employees ran through different scenarios that might create bias reactions. Finally, “they practiced welcoming behaviors, and committed to changing their habits for the better” (Wiener-Bronner, 2018). Over 175,000 Starbucks employees partook in this mandatory training (Wiener-Bronner, 2018). Johnson said the training “is just one step in a journey that requires dedication from every level of our company and partnerships in our local communities” (Madej, 2018).

Starbucks utilized the help from different cultural and human rights activist groups to develop a racial bias training curriculum. Though Starbucks did not utilize help from The Anti-Defamation League for their anti-bias training, they released a statement with their plan on consulting: The Anti-Defamation League, The Leadership Conference on Civil and Human Rights, UnidosUS, Muslim Advocates, representatives of LGBTQ groups, religious groups, people with disabilities, and others. The purpose behind this particular statement was to prove the company wanted to remain racially sensitive (Starbucks, 2018).

Starbucks racial bias training proved to be a consumer and industry benefit. Although 8,000 stores were closed for a full business day, the

training provided growth for partners, business and consumers. This allowed for Starbucks to maintain mutually beneficial and lasting relationships with consumers and key stakeholders which translated into the effectiveness of a business’s ability to survive. Starbucks devotion to rectify their behavior left an impression on many, as the company forwent profit to instill ethical training for the fair treatment of employees, consumers and the community. Moving forward, Starbucks racial bias training could be an example for many companies (Lockhart, 2018).

Media Audit

Following the incident in Philadelphia and many Starbucks store closures for racial bias training, Time wrote an article recounting the reactions and effectiveness of Starbucks racial bias training (Calfas, 2018). The article spans feedback from five employees coming from different backgrounds. Individuals of different ethnic and social groups commented on their desire for the program to involve an interactive dialogue between coworkers. Additionally, some mentioned the value of role play and hands on training experiences for situations with sensitive subjects such as race. Meanwhile, a few individuals expressed their concern that racial training did not make an impact on the situation at hand. These statements from different individuals helped identify whether Starbucks efforts of closing stores for training proved to be a genuine education experience for partners, or a façade for stakeholders and the general public with hopes of dissolving the issue.

Analysis & Update

Critical Analysis

The strategic efforts Starbucks made to cover different facets of the racial bias crisis

resulted in mixed reviews from news media and crisis communication analysts. In reference to CEO, Johnson's public apology video and Starbucks initial statement, writers for news outlets, such as Forbes and The Washington Post found the apology aided Starbucks in a favorable outcome. According to our group's research, qualities that deem this video successful were Johnson's serious, somber mood, him taking personal responsibility for the racial issue and outwardly apologizing. Johnson admitly delivers a full apology with no deflection (Hyken, 2018). Through his use of phrases, such as "I'm sorry," "I own it," and "management issue," he works to diffuse conflict and treat the crisis with respect (Hyken, 2018). Taken from a Washington Post article written by Jena McGregor, Gabrielle Adams, a professor at the University of Virginia who studies CEO apologies, said, "in this climate, that kind of mea culpa is what's needed" (McGregor, 2018).

Unfortunately, the three-day delay to release this CEO response harmed its success. Criticisms were found in Starbucks initial statements and social media tweets, especially since they did not resonate well with some publics. Considering the black community, Starbucks was missing any mention of racial bias as a cause in the crisis (McGregor, 2018). It is understandable that Starbucks needed time to assess the situation and create unity on the issue internally, however, it would have been wise to address the issue of race in the first response to justify the initial feelings of injustice perceived at the time by Robinson, Nelson and the black community.

His trip to Philadelphia was seen as a humanizing response and interaction allowed for honest conversation among all three parties

(McGregor, 2018). It was meaningful to see a high ranking official in the company take responsibility into his own hands and make efforts to discuss and apologize for events face-to-face with Robinson and Nelson. The meeting in Philadelphia would have been praised more if it happened earlier. Communications adviser Mike Paul stated he would have liked to see Johnson make the visit sooner, however, it was ultimately the kind of human response the occasion called for (McGregor, 2018).

The strategy and tactic that received the most focus was Starbucks implementation of in-store racial bias training for employees. Starbucks solution to combat racial bias in the future demonstrated the company's commitment to make things right. This action continued to align with Johnson's previous apologies and commitments to become better (Johnson, 2018). The company needed to create a solution that was able to convince customers they are committed to social justice during the challenging social climate currently in the country.

Starbucks decision to close stores for a day of business is comparable to Chipotle's store closures in 2016 for E. coli outbreaks. Careen Winters, chief strategy officer for MWW Public Relations said "what [Starbucks is] basically saying is bias is at least as dangerous a problem as food safety" (McGregor, 2018). In ensuring a legacy for Starbucks as a racially sensitive company, they were missing elements that provided proof to customers that training helped employees to become racially sensitive. In order to keep this momentum consistent with the company's efforts, Starbucks was missing detailed solutions on how they could translate these lessons into training protocol for all new hires. Starbucks should have immediately released a

press release clearly outlining the training materials and methods employed.

In a *Forbes* article, author Dan Pontefract points out that “some who work in the training profession, however, will look at the day of learning that Starbucks provided its employees and name it ‘spray and pray.’ Some will coin it a ‘one-and-done’ session. Others might refer to it as a ‘sage on the stage’ exercise” (Pontefract, 2018). Furthermore, Pontefract commends Starbucks for taking action but suggests it might not have been enough.

Pontefract offers multiple suggestions for the company. Sensitivity job aids for employees to refer to would allow training to continue within the company. Online videos, interviews and a podcast that can be accessed by Starbucks employees could also further the effort to foster a racially sensitive community. Another suggestion would be to incorporate gamification which would motivate employees to assess individual situations in which they could find themselves and be able to create a solution. This would be a preventive action that could reinforce Starbucks strong commitment to racial sensitivity. Finally, daily huddles before opening stores or starting shifts would serve as daily reminders of the company’s values (Pontefract, 2018).

Although the act of closing stores was met with positive affirmation, Starbucks did receive some negative criticism in reference to their judgement including the Anti-Defamation League, an advocate for prevention of anti-semitism, in racial bias training day (Palmer, 2018). To encourage a multi-phase understanding of different racial bias, Starbucks enlisted the help of many racial awareness organizations to contribute with training materials. After receiving backlash, claiming that the ADL does not practice

racial inclusivity, from an activist involved in organizations, such as the Women’s March and Anti Police-Terror Project, Starbucks decided to exclude the ADL and demote them to an advisory figure (Palmer, 2018). This allowed confusion, inconsistency, and outrage to spread between the black and Jewish communities. It may be that Starbucks was missing detailed research on the dynamics between these groups. With more information on each racial activist organization, Starbucks could have researched to familiarize themselves with prior controversies to mitigate this conflict in associating their racial bias training with different groups. However, it must be noted that the CEO of ADL is Jonathan Greenblatt, who previously sold his company, Ethos Water, to Starbucks (Coster, 2010). Therefore, Starbucks may have deliberately demoted the ADL since Greenblatt would most likely not engage in backlash since Starbucks was his former employer (Leibovitz, 2018). The negative press ensued by other activist organizations was a greater detriment to Starbucks.

Outlook & Update

Only a couple of weeks after the incident in Philadelphia, Starbucks faced further criticism after an employee wrote “beaner” instead of the customer’s name on a cup. On May 17, 2018 at a company location in La Cañada Flintridge a customer named Pedro ordered a drink under his name. When he received his cup, he noticed the word “beaner” written on the cup instead of the name he told the employee. “‘Beaner’ is a derogatory term for Mexicans in the United States” (Williams, 2018). The Starbucks store excused the employee stating that he couldn’t understand Pedro when he said he name and offered him a \$50 gift card as an apology. Pedro’s coworker Priscilla Hernandez was not satisfied

with the company's response and sent Starbucks a tweet to which they replied:

“Thank you for letting us know, Priscilla. This is not the welcoming experience we aim to provide, and we have reached out to this customer to apologize and make this right. -Ryan” (Williams, 2018).

Later, Hernandez and Pedro met with the district manager and were offered an apology. This incident further proves the dire need for racial sensitivity training at Starbucks and the importance of the training that occurred on May 29.

Starbucks sacrificed \$16.7 million dollars (Pontefract, 2018) to control a crisis and protect their image, however, their stock was not affected. The company has since been praised by the public for its efforts in educating employees on racial sensitivity. Andrew D. Gilman, the president of crisis management firm CommCore Consulting Group, said “this move goes far beyond the playbook. That's sending a big statement” (Abrams, 2018).

After the May incident Starbucks released the short film “Story of Access” created by Stanley Nelson, an Emmy award-winning documentary maker, on YouTube. The film was originally shown to Starbucks employees during training. Using Stanley Nelson to direct the short film was particularly important because he is widely recognized for *The Black Panthers: Vanguard of the Revolution* and *Tell Them We Are Rising: The Story of Black Colleges and Universities*. “The seven-minute video puts the Philadelphia incident, and others like it, in context, with film clips depicting America's long history of civil rights abuses in public spaces” (MacLellan, 2018). The video allowed customers to become part of the conversation.

Discussion & Recommendations

Starbucks did a good job in the reactive and recovery phases of the crisis, however, their efforts fell short. During the reactive phase they lacked timeliness. With the predominance of social media, the company should have known they could not afford the luxury to wait three days to respond. The video of the arrest went viral that same day and the company should have responded at that time. The timeliness of the response is somewhat understandable since Starbucks is a large corporation and needed time to recoup to create one cohesive message. However, the process should not have taken three days since there is a dominant presence of police brutality and racism in the country's current climate.

Throughout the entire crisis Starbucks shared the same message of offering a sincere apology to all stakeholders and promising to do better. However, the company should have had stronger communication with the Philadelphia Police Force because their initial responses contradict one another. Commissioner Ross initially defended the action of his police officers while Starbucks apologized. Furthermore, it took five days for Commissioner Ross to release a full apology that aligned with Starbucks consistent response throughout the incident. Although Starbucks cannot control the Philadelphia Police Force, they could have made an effort to fully discuss the incident with them and understand their stance on the controversy. By having coherent statements, stakeholders would have felt validated and the crisis would not have caused Starbucks as much damage as it did.

The crisis was substantially worsened by the presence of social media, particularly of

Twitter. The video of Nelson and Robinson being arrested went viral within hours, which gave Starbucks a small window of time to contain and manage the crisis. In this case, social media was used against Starbucks, but they had the opportunity to turn the situation around. If they had used social media to keep stakeholders constantly updated on the progress of the case, their reactive stage would have been more effective. Transparency is very important during crises and social media facilitates it. Using social media to inform stakeholders allows companies to gain the upper hand and control the story. However, Starbucks failed to do this and as a result, activists controlled the story.

Starbucks is not aware they are still in the recovery phase. Despite the incident occurring months ago, the consequences of something as sensitive as racial bias extended well into the future. The multiple apologies, employee training, and settlement began the process of healing the wound, but it is still far from being fully recovered. The company must train all incoming employees on racial sensitivity to make sure a crisis such as this does not occur again because their reputation might not be able to handle it. Furthermore, they must prove every day, to both their customers and employees, that they are continuously making efforts to positively change the racial climate and transition to a more culturally sensitive company. Starbucks can do such with a variety of campaigns highlighting the importance of being respectful and understanding of different races and cultures.

In ensuring a legacy for Starbucks as a racially sensitive company, they were missing elements that provided proof to customers that training helped employees to become racially sensitive. Starbucks could have created and

published a video of employees stating and explaining how this training has changed them for the better. Our group suggests that Starbucks use material from racial bias training, and incorporate key element into training protocol for all new hires. During the holiday season, Starbucks changes the design of their cups. Our team would suggest that Starbucks diversify their cups in order to connect different cultures and coffee. Each cup could display a fun fact about a different country. For example, one cup could say, "Did you know we have ___ Starbucks locations in Mexico." Another idea would be to design cups in a way that relates to a culture. The company would have to be extremely cautious and conscious to prevent offending the culture. A cup with 200 flags of the world would make a statement that Starbucks wants their customers to feel included, and would foster a sense of community. Another recommendation would be for Starbucks to conduct a limited time "Buy One, Share One" campaign. When a customer purchases a coffee, they would receive one for free to share with a neighbor, friend, or loved one to encourage inclusivity and thoughtfulness.

Comparison Case 1: Cadbury

Cadbury has been a world leader in the chocolate industry, but their reputation was almost destroyed in October of 2003 after worms were found inside its Dairy Milk Bars in various locations around India. When the news broke the company used a defensive response, shifting blame to storage issues and claiming the crisis was not their fault. The Federal Drug Administration (FDA), however, stated improper packaging, a manufacturing defect or unhygienic storage conditions were to blame.

Cadbury realized their original response was not succeeding and changed their strategy.

They suspended their entire advertising campaign and overhauled the machinery and packaging of its most popular products. Furthermore, Cadbury continuously communicated with the media through press releases detailing the measures employed to correct the manufacturing and storing processes. The most important strategy used to control the crisis was Project Viswash, an educational effort in which trained quality control managers, and sale employees completed a thorough check of 50,000 retail outlets that sold their products. “The project involves building awareness amongst retailers about storage requirements for Cadbury products, and assistance in improving storage conditions at the retail end” (Economic Times, 2003).

Similar to Starbucks, Cadbury sacrificed profit (suspending advertising campaign) to protect and restore their reputation. The crisis arose in Maharashtra, India before the Diwali festival. During the festival there is a high demand for Cadbury products so the decision to suspend their advertising campaign and focus on recovery was particularly impressive. This case also related to the Starbucks case because both companies realized the importance of solving the issue internally through employee training. In the end, both were big corporations and both managed to recover their reputations. Fifteen years later, Cadbury is still a leader in the chocolate industry.

Comparison Case 2: Japan Racial Bias

Japan is recognized as one of the least ethnically diverse places in the world. Many Japanese people see themselves as homogeneous, which presents itself in an implicit bias against black people. Kazuo Mori, a psychologist at Matsumoto University, studied this racial phenomenon and said, “Japanese participants show an implicit preference for ‘white people’

over ‘black people’” (Russell, 2018). Japan’s culture honors hierarchy and the obedience of authority figures. Therefore, in considering this culture, large strides have not been made to dismantle racism. Those who have attempted to address racism in Japan have faced criticism, or have been ignored by Japanese media (Russell, 2018). Japanese news media receives reporting access through membership in a press (kisha) club, where information is given directly to reporters (Swann, 2014). In contrast, American news media keeps the government and individuals accountable, as reporters seek information. America has polarized Japanese views and values when considering activism efforts pertaining to the fight for social justice for black individuals.

In February 2015, members of a popular Japanese pop group called Momoiro Clover Z, posed in blackface for a photo. The girl group stood alongside another music group called Rats & Stars, a Japanese male singing group (Lee, 2015). The photo promoted the two bands, as they were set to perform together on Fuji TV, a major Japanese TV network (Lee, 2015). Although this incident of racial bias in Japan did not elicit as much outrage as Starbuck in America, elements of activism are present. Baye McNeil, a black American living in Japan, decided enough was enough (Lee, 2015). Angered by this promotional photo, McNeil used PR to shed light on Japan’s racial bias. His activist efforts included organizing and posting a petition online for the removal of the blackface segment. He also posted many tweets with the hashtag “#StopBlackfaceJapan” (Lee, 2015).

McNeil’s efforts initiated change, and the segment was removed from the TV network’s show. Similarly, activist brought awareness to Starbucks racial bias and posed a threat to the

organization, which held the corporation accountable to their actions. Without these activist figures present in both cases, these companies and programs would not possess a desire to promote inclusivity. Sadly, the offensive issue may have been neglected or forgotten. Unfortunately, the Japanese TV network did not release a statement or apology as to why the blackface segment was canceled (Osaki, 2015). This may be due to Japanese values where one should not embarrass a supervisor or a company. Additionally, both of the Japanese bands did not make a statement expressing remorse. Meanwhile, the CEO of Starbucks was combating crisis through immediate, thoughtful apologies and developing a PR strategy to save the company's reputation. Japan could work to adopt better PR strategies to make right with black individuals. It is now where a serious question is asked. Does one neglect their own culture for the sake and consideration of a different culture? It may be asking too much for these Japanese groups to adopt Starbucks's PR tactics and strategies. In this case, I would recommend that these Japanese groups, whether it be the TV network or the music groups, work to consider the feelings of foreigners living in their country, since the issue of race and blackface has been addressed in Japan previously. Beginning to make small changes now, may impact Japan's future to shift toward a culture that accepts other races.

Conclusion

Presently there is a climate change impacting the workplace—individuals are beginning to understand how sensitive the issue of race is when considering everyday interactions with companies such as Starbucks. Society is living in a time where respect is demanded for all groups

regardless of race, class or socioeconomic level. Essentially, treating these topics with the same urgency and transparency as food safety.

Starbucks has a solid reputation with the public. It's always there. It's always the same. It's reliable. However, the company found itself in a sensitive situation that threatened the reputation they have worked to build internationally. Nelson and Robinson were wrongfully arrested at one of their stores and the public outrage was apparent. The company knew they held the blame for the incident, and although late, accepted full responsibility for their actions. Releasing a full apology statement was exactly what the company needed. Johnson delivered a heartfelt, sincere apology that resonated with stakeholders. Furthermore, having the CEO of a huge corporation fly out to personally apologize to Nelson and Robinson was a solid effort to mend their relationship with stakeholders. Starbucks was consistent and truthful with their message throughout the many steps of the crisis. Their sincere communication efforts eventually led to forgiveness from (most) stakeholders and most importantly, Nelson and Robinson.

Stealing a page from Chipotle's playbook was a smart move from Starbucks. The company witnessed the positive response Chipotle had received after closing their stores for training. Copying this strategy and adapting it to fulfill the needs of their public resulted in positive reviews from the media and stakeholders. As well, sacrificing over \$16 million to train employees, demonstrated Starbucks serious commitment to doing better. The company could have apologized and hoped the crisis would eventually die off- as it probably would have since they are an incredibly prominent company. However, they saw the crisis as an opportunity to prove to their stakeholders

they are socially responsible and actually care about them. Starbucks is aware of the tremendous value corporate social responsibility holds in today's age and used it to their benefit.

In reflecting on Starbucks case, the store closures for racial bias training were enough for the public to forgive the organization and resume normal operations. Going the extra mile for principal players and consumers is what it takes for people to feel heard. Therefore, PR professionals must understand this and be willing

to give their time and talents to any and all cultures, races and publics. Starbucks set an example for all companies encountering future crises. Don't just say you are sorry, prove it. Don't give excuses for your wrongful actions, be accountable. At the end of the day your reputation is more valuable than your profit because without it, there would be no profit to protect.

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