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CRISIS COMMUNICATION:
AN INSIGHT ON A GROWING GLOBAL PHENOMENON. CASES AND APPLICATIONS.

ABSTRACT

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INTRODUCTION

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The world in which we live in is currently facing several different threats. Natural disasters appear to be more frequent, i.e. events like the Hurricane Katrina, the 2004 Indian Ocean Tsunami or the Mexican gulf crisis for oil, and from organizational crises, political failures and economic crunches, as well as events of corruption, waste of public money or terroristic attack, including the 9/11 American tragedy. Regardless of what you do in your life, there is always the possibility of a crisis that can affect your existence: no one in the world is immune to crisis.

The present work has the ambitious goal of describing and analysing the emerging phenomenon of crisis communication. The semantic area we are trying to explore and explain is the one of Crisis Management. When we are talking about these specific concepts we mean a “set of factors designed to combat crises and to lessen the actual damage inflicted”.

Thus it is the overall strategy that organizations, parties and public figures use in order to tackle a crisis and to try to transform the possibility of a potential damage into an unexpected opportunity to change its natural course, to develop a riper self structure and to take advantage of the empathy towards the affected people. As Henry John Kaiser, the father of modern shipbuilding, said: “I always view problems as opportunities in work clothes.”

Defining a crisis is not an easy task: in this short abstract it might be also useful to give an universally accepted definition of what will be the main object of this thesis. A crisis is “an anomalous event that may negatively affect an organization and requires efficient organizational communication to reduce the damage related to the event.” What is important to state here is that there are thousand of different crises, each with its own characteristics and uniqueness, and that every crisis needs a different strategy, a different answer and a different training for those in charge to solve the matter. The main aspect of my analysis will regard the crisis communication, declined in its different

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perspectives. Crisis communication’s aim is to identify internal and external risks for the organization and its stakeholders, to produce recovery messages for the audiences and to be ready to receive their feedback.

If you don’t communicate during a crisis, you are completely lost. The first axiom of communication, developed by Paul Watzlawick and other scholars of the Mental Research Institute in Palo Alto\(^3\), regards the impossibility of not communicating: any behaviour, verbal or not, that relates to the interaction between two or more persons is *ipso facto* a form of communication. So, during a crisis, even the choice of “no interaction” with the media and the public is an unaware form of communication, which can lead to unimaginable damage.

The first chapter, “The origins of crisis communication and its fields of application”, is a sort of rapid journey through the various schools of thought in crisis management and communication area, from the Classical Theory, developed by Frederick Taylor\(^4\) in the early part of twentieth century, to the latest theories including social networks and globalization in communication. The absence of new media and the effects of globalization would make this work an "empty" thesis, both from the conceptual point of view and, most of all, from a strictly practical point of view. We will also try to address, in the best way as possible, the basic terminology needed for the understanding of this study. All of the most common terms will be analysed and categorized, helped by the studies of the most influential authors and trying to reach a simple, but comprehensive, definition of those phenomena that will be studied in detail in subsequent chapters.

The second chapter, “Outline for an ongoing approach to crisis communication”, can be considered as the most essential one, inasmuch as it consists of a complete study of crisis communication in all of its aspects. Starting from the distinction between different types of crisis, we will analyse crisis management during its three common phases, studied and described by

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\(^4\) Frederick Winslow Taylor (March 20, 1856 – March 21, 1915) was an American mechanical engineer who sought to improve industrial efficiency.
three Italian communicators, Giampietro Vecchiato and Luca Poma, with the collaboration of Enrico Finucci⁵.

Their model II, called "the 3R model", consists of three main phases, each of which describes a phase of crisis management:

1. **Research** in the pre-crisis period. Every organization should always be within this stage, being prepared for a possible crisis and trying to prevent it in every possible way. During this phase it is necessary to observe and monitor the organization's weaknesses, preparing the staff and creating a crisis unit, including a crisis communication plan and crisis training activities.

2. **Response** in the crisis phase. It is the warmest and most delicate phase of the process of crisis management and communication. It begins exactly in the moment in which the crisis erupts and does not end until the situation will not return into normal parameters.

3. **Recovery** in the post-crisis time, with final considerations about mistakes that have been done and with the creation of a memorandum. In this last phase the organization prepares a strategy for an immediate renewal, trying to take advantage of unexpected opportunities created by the crisis and trying to improve the settings of the first phase, the research one, in order to avoid the same mistakes in the future.

Having understood the characteristics of a crisis and having defined all the strategies we can adopt in order to regain our reputation, we can move forward in the study of the crises in two different, but deeply related, fields.

The third chapter is dedicate to political crises and “how to manage” a political message. We will discuss well known political crises, from Watergate to Clinton's Sex-Gate, and we will take on the challenge to analyse an Italian

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example: the Oscar Giannino case, concerning false statements of academic careers and academic titles, that took place shortly before the Italian political election of February 2013. We will also have the possibility to read an interesting interview to Aldo Torchiaro, Oscar Giannino’s crisis communicator, which answered our questions and told us the story of this fascinating case of crisis communication.

The fourth chapter is focused on economic crises. What happens when a multinational organization is hit by a crisis? We will see what happened in the Toyota case and in the British Petroleum case, focusing also on an Italian case, the Concordia accident. The Concordia ship case is very useful in order to describe every single phase of a crisis management and communication process. Furthermore, the case of the sinking of the Costa Concordia is one of the most recent examples of how an effective strategy for the management and communication of the crisis is a powerful weapon to limit the damage of a negative event and, when it is possible, to benefit from the changes that, inevitably, a crisis brings with it.

At the end of this journey, after we will have dealt with all aspects of crisis management and crisis communication, both theoretically and practically, I will try to put together all the elements and salient features of crisis communication. Thus, I will describe what has been done, how it has been structured and what could be the future lines of development for a field certainly important and, surely, in constant growth in the coming years. The number of crises, more or less serious, is in constant and rapid growth and inclusiveness of communication in the times we are living in will make crisis management a necessity for every organization. To date, nearly 40% of U.S. major organizations do not have a crisis plan or a crisis unit⁶, and among those that

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have a crisis management strategy, one third of them have no idea of how to put the plan into practice\(^7\): a similar scenario is not only alarming, but it is also unimaginable in the near future.

We will be forced to communicate, even and especially during a crisis. At the end of this thesis will try to figure out how to do it in the best way possible. At the end of the study on crisis communication it was possible to sum up and try to draw some conclusions.

Given for granted the impossibility of not communicating, it is evident that especially in bad times is essential to treat the relationship with the public and with main stakeholders. In this context, the numerous studies on how to communicate in times of crisis have focused on the establishment of common rules to follow when developing a crisis communication strategy.

Without going backwards in this paper, it is sufficient to recall that one of the main rules is to develop a strategy based on three different levels:

- **Pre-crisis**, in which Crisis Communication Team has the duty to monitor the warning signs and constantly evaluate the reputation of the hiten subject on media and online;
- **Crisis**, in which communicators must choose which strategy apply from those described by Alan Jay Zaremba and reported in the second chapter of this thesis;
- **Post-crisis**, in which it is necessary to understand and identify weaknesses and mistakes, to eliminate them in so-called learning process.

This brief summary is useful to emphasize two fundamental aspects of crisis communication in practice. During crisis resolution is important not to fall into the “no comment” trap: I have already stressed the importance of this step in my analysis, but I think it should be pointed out again because it is one of the most common mistakes, at least in the early hours by outbreak of the crisis,

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which are committed. It is always better to admit the lack of knowledge of the facts and ensure concrete answers in a short time, not refusing to answer truthfully but rather admitting the difficulties of the moment.

Moreover, among these three phases, is evident from my analysis that the third one is almost systematically underestimated: whenever a crisis communicator is able to leave the negative event behind his shoulder, he considered his crisis management work practically concluded. There is nothing more wrong. During this analysis we have already seen how crises are recurring events in the life of a party or a company, and the only way to prevent their explosive impact is to change misconducts and minimize risks associated with routine activities: without an adequate post-crisis analysis it is impossible to identify criticities and eliminate the weaker links in the chain of activities.

Within the section "Different contexts, different approaches?" it presents the development of a model that I have developed to explain the methodological differences between a political crisis communication strategy and an economic crisis communication strategy. Briefly, the model was developed on four variables:

- **Audiences.** When crisis communicators have to solve an economic crisis, the target includes all potential customers of that particular sector, with the aim not to break the tie that binds them to the company. In the case of political crises, however, the targets are all those people older than 18. In this case can be very complicated elaborate communication strategies that can be effective, for example, both for young graduates and for older retired people.

- **Timing and media coverage.** The time available for the first answers in economic crises depends on the severity of the crisis itself, although it is generally wider than time available in political crises. In the latter, in fact, there is generally a wider media coverage and crisis communicators have less time to provide adequate answers.

- **Liability and risk implications.** Economic crises are those that generally do more harm to stakeholders and customers. Political crises, in fact, usually lead to long-term and indirect consequences. This means that to
solve an economic crisis may require more management and communication efforts.

- **Trust and sympathy toward organizations.** The relationship between a voter to his party or reference politician is often influenced by a logic of “belonging” and loyalty, even if there are not infrequent cases of rational voters who do not suffer from this bias. The relationship between customer and company, on the contrary, is mainly influenced by prices competitiveness, security and transparency of the company: a crisis, in this case, it is hardly forgivable if there is not a great crisis communication and management plan and strategy.

In these conclusions, after having analysed four important case studies, we can try to apply them this theoretical model to show that it can work as a general model about the differences between economic crises and political crises. To demonstrate the validity of this theoretical model, the case studies discussed during this thesis will be analyzed briefly according to the variables listed above.

**Political crises.**

Weinergate:

- **Audiences:** American electorate.
- **Timing and media coverage:** high media coverage and need for immediate answers. Weiner was ready to communicate his positions and to call a press conference a few days after the outbreak of the scandal.
- **Liability and risk implications:** no harm to stakeholders and to the general public.
- **Trust and sympathy toward organizations:** high loyalty to the party and to the politician, as evidenced by the possibility given to Weiner to compete, after the first scandal, in the primaries election for the office of mayor of New York.

Strauss-Kahn arrest:
- **Audiences**: mainly French electorate, but the role of Strauss-Kahn in the International Monetary Fund has expanded the boundaries of the scandal.

- **Timing and media coverage**: worldwide media coverage. Strauss-Kahn was forced to provide immediate answers and in just four days announced his resignation and his replacement at the top of the IMF.

- **Liability and risk implications**: no damage nor to French citizens nor to the IMF’s stakeholders.

- **Trust and sympathy toward organizations**: wide solidarity toward the French politician, later cleared of all judiciary charges.

**Berlusconi’s Rubygate:**

- **Audiences**: mainly Italian electorate, but the visibility of Silvio Berlusconi led his scandal on the major international newspapers.

- **Timing and media coverage**: the worldwide media coverage forced the Italian politician to give immediate official denials.

- **Liability and risk implications**: no harm to citizens.

- **Trust and sympathy toward organizations**: strong sense of loyalty by the right side of the Italian electorate, even after the trial confirmed the guilt of Berlusconi. The high loyalty to his party has been confirmed by recent polls, which indicate that “Forza Italia” is, at the moment, the second political force in the Italian scene.

**Clinton Sexgate:**

- **Audiences**: American electorate, but worldwide interest since the scandal hit the most powerful man in the world.

- **Timing and media coverage**: global media coverage. President Clinton was forced to communicate with the media when a crisis plan had not yet been developed, but within five days he could not escape from organizing a press conference at the White House.

- **Liability and risks implications**: no harm to the general public nor to the stakeholders.
- *Trust and sympathy toward organizations:* despite the obvious responsibilities, Bill Clinton was supported by his electors and also managed to expand his consent: it was, in fact, the only American president in modern history to conclude his presidency with a consensus greater than that recorded at the beginning.

Giannino case:
- *Audiences:* Italian electorate.
- *Timing and media coverage:* media coverage was extensive, but concerned only Italy. The answer to Oscar Giannino came a few hours after the scandal broke, demonstrating how important it was to limit the news flow and the possible damages that it would bring.
- *Liability and risks implications:* no harm to citizens and stakeholders.
- *Trust and sympathy toward organizations:* despite “Fare per fermare il declino” had lost a lot of supporters following the scandal, the figure of Oscar Giannino remains an important point of reference in the panorama of Italian journalism: this confirms how the attachment and loyalty to the political character has helped crisis communicators to overcome the crisis without excessive damages.

*Economic crises.*

Tylenol case:
- *Audiences:* customers of Tylenol on American soil.
- *Timing and media coverage:* the scandal was widely covered by the media, especially in the local area of Chicago. For what concerns the timing, the company took five days to withdraw the product, but almost two weeks to start the communication strategy in the newspapers, with the first article appeared in the Washington Post.
- *Liability and risks implications:* low responsibility for the company, because it was an external contamination. High risks implications: the tampering caused 7 deaths.
- *Trust and sympathy toward organizations:* Low degree of solidarity to the
company. Despite a great plan for crisis management and communication, the company recovered only 70% of the market share it had before the accident.

Toyota recall crisis:
- **Audiences:** American customers of Toyota.
- **Timing and media coverage:** little media coverage. The first apology from the CEO Akyo Toyoda arrived several weeks after the accident of the Saylor family, the event that triggered the scandal.
- **Liability and risks implications:** low liability of Toyota: there were no defects in the production of the incriminate Cars. The incorrect use of the mats, however, has caused several accidents and death of four people.
- **Trust and sympathy toward organizations:** the customer reaction was initially angry. Only the efficiency of the Toyota services, the imposing plan of replacing the defective floor mats and the high quality of Toyota products has enabled the Japanese company to avoid market damages in the short and in the long period.

Giglio contamination case:
- **Audiences:** Italian customers of Giglio, Parmalat and Sol di Valle.
- **Timing and media coverage:** great media coverage in the italian newspapers, but little interest after the first few days after the outbreak of the scandal. The first communications to customers came exactly a month after the first news about the botulism: the timing of the company were ineffective and too late.
- **Liability and risks implications:** medium liability of the company, guilty of failing to effectively supervised on their production processes. Contamination of mascarpone caused the hospitalization of 8 people and the death of a teenager.
- **Trust and sympathy toward organizations:** following the scandal, the Giglio lost the relationship of trust with its customers. Moreover, the ineffective crisis communication plan led the company to gradually lose
its market share, until it was incorporated by a larger company in 2004.

British Petroleum Gulf Oil Spill crisis:
- **Audiences:** especially American citizens, but the extent of environmental damage has attracted the world attention in the aftermath of the incident.
- **Timing and media coverage:** wide and prolonged media coverage. The exceptional gravity of the event forced the British company to convene a press conference the day after the disaster.
- **Liability and risks implications:** high responsibility of the company, which was not new to serious crisis. The accident caused the death of 11 people and injured 17 people. Oil spills, moreover, amounted to 4.9 million barrels, equivalent to 210 million U.S. gallons.
- **Trust and sympathy toward organizations:** the company had a negative reputation, having regard to his problematic past. The mismanagement of the crisis did the rest, causing huge market losses to the company.

Costa Concordia crisis:
- **Audiences:** Italian citizens and Costa Crociere's customers.
- **Timing and media coverage:** wide coverage in the Italian press and interest also by foreign media.
- **Liability and risks implications:** very low liability of the company, but high responsibility of the captain Francesco Schettino, an employee of the company. The sinking of the Costa Concordia caused 32 deaths and 110 wounded.
- **Trust and sympathy toward organizations:** the positive reputation of Costa Concordia, the great crisis communication strategy and the attention constantly devoted to its customers allowed the Italian company will not suffer major losses in the market.

At the end of this analysis, we can conclude that:
1. Political crises have as main target the voters of the country of reference, unless the scandal has a scope that would engage the citizens of other countries. The target of the economic crisis, however, depends on the size of the company involved and on the damage caused. Political crisis communicators, then, usually face the difficulty to relate with a limited but extremely varied public, while the economic crisis communicators risk to relate to a wide and upset audience.

2. The reaction time of a political crisis is almost always very small, because politicians often have to react in a few hours. In the economic crisis, however, is often enough to implement its communication strategy in a couple of days or even weeks (such as during Toyota recall crisis). The possibility of having more time to elaborate an effective strategy, of course, is a great advantage for the economic crisis communicators.

3. Economic crises are those that cause most damages, both in economic terms than in terms of human losses. Sins of the parties or politicians, on the contrary, usually concerns their private life or the electoral competition and usually does not directly damage the public. For an economic crisis communicator (consider the case of the BP’s Oil Spill) the task is more difficult and challenging.

4. After a political crisis, voters often tend to forgive the mistakes in the name of ideologies or attachment to the party. This benefit does not apply to companies affected by crises, because customers do not harbor feelings of loyalty and tend to blame the companies in case of errors, especially when they cause deaths, injuries or environmental or economic damage.

The model I propose, therefore, seems to be a good starting point to delineate the differences between different types of crisis communication. The future lines of development will also have to take into account the high level of globalization and technologizing of the world in which we live. There are no more circumscribed crisis or news that may not be disclosed: the growing disruptive force of negative events will force crisis communicators to carry out their work in an increasingly precise and meticulous way.
The advent and spread of social networks also will force a crisis communicators to redouble their efforts, both in monitoring party/corporate reputation than during the crisis response phase.

Spreading the culture of crisis communication, emphasize the importance of crisis communication plan and eliminate the most common errors in the application of strategies are only some of the aspects on which to focus in the future: the way for the crisis communication to become one of the cornerstones of public life of parties and companies and to become a customary activity is still long, but the great interest that this subject is starting to collect can be a great starting point for a brilliant future.
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