**“United Breaks Guitars” case analysis**

**Executive Summary**

United Breaks Guitars is a song made by Dave Carroll in which it describes his experience on the flight by United Airlines and the following reaction from United. Upon its release on the Internet, it draws many people’s attention and immediately becomes a hit on the YouTube. This makes United’s stock index go down 10 percent and causes enormous losses for the United. This case reveals clearly how social media channels have influenced customers. Hence, as social media has exerted big influence on customers, the corporate should think about their customer service strategies again and again and pay a lot of attention on what they are talking about online. In this case, Although United indeed did positively make responses through some social media like tweets, they made no real effort to dissolve the underlying issue that resulted in the public relations disaster in the first place. For United Airline, what should be put in the top priority is making efforts on the mechanism innovation in dealing with crisis. Only by this way can the company obtain benefits in the long run.

**Issues**

In March of 2008, a Canadian musician---Dave Carroll took the flight by your company (United Airline) to Nebraska in Chicago. This was the beginning of a nightmare of United Airline and what happened on the trip made Carroll a famous people who was a man of valor in safeguarding his rights and interests.

Carroll claimed that his beloved guitar was broken under the United Airlines' keeping and declared that he heard another passenger say that [baggage-](http://en.wikipedia.org/wiki/Baggage_handler)smashers at [Chicago](http://en.wikipedia.org/wiki/Chicago)'s [Airport](http://en.wikipedia.org/wiki/O%27Hare_International_Airport) were throwing passengers’ baggages on a stopover. “When he reached his destination, he just discovered that his $3,500 [Taylor](http://en.wikipedia.org/wiki/Taylor_Guitars) guitar’s neck was badly damaged with some cracks on it.” (Carroll,2012). When he posed the question in Chicago and made the claim, he just accepted indifference from airline’s staff and was told that he was not entitled to any damages because he had not made the claim within a short amount of its stipulated time. Then in the year of 2009, Carroll made a protest song named “United Breaks Guitars” which described his experience on United Airlines and the following reaction from the airline. The song became a hit on YouTube and received feedback from online peers on its release. United Airline received many negatives views in terms of its consumer service and brands burn. Thus, there was no doubting that United suffered a public relations disaster.

**Cause**

Your company (United Airlines) is [major airline](http://en.wikipedia.org/wiki/Major_carrier) in America and its headquartered is in [Chicago](http://en.wikipedia.org/wiki/Chicago), [Illinois](http://en.wikipedia.org/wiki/Illinois), which operates main lines and dozens of branch lines in America. “Fly the Friendly Skies” is its slogan, which means United will provide passengers with best service on the journey. Although its slogan shows its friendly and honest service to passengers and makes people have expectations, the reality gives people who had confidence in United a heavy blow. Thus, Upon the first song’s release on the Internet, “millions of people saw the video condemning the United Airlines’ reaction and United’s stock-index dropped 10 percent, that is to say, United lost $180 million.” (Aula,2010).

Why this will happen? From the point of view of public relations, you should have dealt with it in a different way that would have given you more benefits in the long run. However, in this case, you did not shoulder responsibility for your behaviors, which ended up a high price. In most public views, your company have made some mistakes. The first mistake you made was employing unbred employees. If you had spent more time providing employees with regular trainings that guided them in a correct direction in terms of handling customer’s baggages, the situation might have never happened. The second mistake was not making passengers taking your flight clearly know what things can be or can not be insured. The third one was dishonesty to customers. According to Carroll, he was informed to talk to the department of central baggage in New York. He called them. But after a few weeks he did not receive any reply, so he phoned them again and he was told they never go his claim. Until then, he learned that you were not interested in continuing pursuing the claim. If you had dealt with the situation on receiving the claim, both you and him would have reached an agreement and the issue would have been solved.

“As the issue happens, United’s brand and reputation has been seriously damaged and many people have showed their negative views to United.” (Negroni,2009). Hence it is necessary and urgent for United to dissolve the issue as soon as possible.

**Decision Criteria**

To dissolve the issue appropriately, the company should take the following decision criteria into consideration.

The first one is corporate image. “A corporate image is the viewpoint that the masses holds about a particular company.” (Gray & Balmer,1998). Many companies spend a great deal of time and energy with the purpose of influencing the perception that consumers hold about the services or products offered by the company, as well as the company itself. The basic way of forming a corporate image is building and keeping positive relations with customers. “This process often begins by proving services or products that meet the requirements of customer, that is producing goodwill.” (Shee & Abratt, 1989). In this case, United’s corporate image has been seriously damaged, so the company should try best to find proper solutions to undo the damage on image. Only by doing this can customers trust United’s services and can confidence in the services offered by the company and company itself come back to the masses.

The second is ethics. “Ethics refers to an individual's moral estimations about right and wrong.” (Ciulla, 2011). [Ethics](http://www.wisegeek.com/what-are-business-ethics.htm) of business is the standards of behavior that a business comply with in its daily trade with the world. According to certain ethics, the business interacts with the world and deal with one-on-one trade with a single customer. “In an organization, individuals or groups may make the decision and decision-maker should be influenced by the corporate culture and should think what is the right course of action.” (Solomon,2003) .It is important that the decision is a moral one. This may contain refusing the way that would result in the short-term benefits. Ethical behaviour will make a business shoulder social responsibility and only in this way can the business obtain long-term benefits. However, “unethical behaviour which means a lack of social responsibility will bring severe damage on a company’s reputation and make it less attractive to stakeholders.” (Fort, 2001). Hence profits will be reduced sharply. So for the United, it is imperative to identify what the corporate culture, corporate social responsibility and ethics of business are. After doing this, the company will see more clearly about how it operates and how it builds a harmonious relationship with customers and then will find an appropriate way to solve the problem.

**Alternatives**

Make a formal and public apology. The company could make a video in which the CEO of company say he is sorry about what happened and their subsequent treatment and he will make a compensation for Carroll and make sure the situation like this will never happen again. Then, the video as response to Carroll’s video may be posted on the Internet or may be displayed via mainstream media.

Strengthen employees’ training. In an organization, “there are always some people who are lack of professional ethics and responsibility, and they may do harm to the corporate’s reputation in their daily work.” (Noe, 2002) In this case, it is the baggage-smasher’s malpractice that directly lead to the issue. Thus, enhancing staff’s training should be put in the first place and employee education is crucial. Trough training, a sense of responsibility to customers will be improved and the most productive employees will be created.

Establish a mechanism and criterion on response to complaints from social media. Now that the company can not respond to every emergent hazard, the company should find a way to help it focus on the most serious complaint that will lead to heavy loss of the company and overlook those inessential one.
Design a system of performance measurement. Through this way, the management of company can know the employees’ response to complaints and then on the basis of responses design a feedback mechanism to improve the efficiency in terms of dealing with public relations crisis.

**Recommended Solutions**

I suggest the corporate take measures of establishing a mechanism and criterion on response to complaints from social media, which I think is very essential to every corporate in network age. At present, customers tend to make complaints via social media such as YouTube, Facebook, which challenges the corporate in three aspects. Firstly, for an angry customer, social media becomes an ideal speech platform where he or she can voice opinions at random to make the general public heard. Whether opinions are true or false, the corporate is not capable of controlling them. Secondly, social media brings fast speed of information delivery. “Customers who make complaints through social media could gain supports and sympathies from online peers and their views will be spread in a very fast speed like virus.” (Kietzmann, Hermkens, McCarthy and Silvestre, 2011). “United Breaks Guitars” is the case. Thirdly, customer expectations have become higher. Since more than one customer may feel wronged, the corporate should take timely and effective measures to stop furthering discontent. Now that executives are not capable of nipping complaints in social media in the bud and of supervising them before they are spread like virus, the corporate should identify its priorities. Thus, establishing a mechanism and criterion on response to complaints will help the corporate analyze which complaint is the most serious one. Only by this way can the company suit the remedy to the case quickly and properly.

**Implementation and Implication**

After establishing a mechanism and criterion on response to complaints from social media, the corporate can decide which complaint is more serious according to the mechanism and then find a relating solution. In the mechanism, executives should consider the values produced by customers because customers create different values, that is to say, executives should identify operating revenue and profits brought by customers. For those complaints with wide spreading and potential risk, the corporate should address complaints in a very fast and the most effective way. The first step may be directly contacting with the customer via the channel which the customer uses and make a response through other media or on ab open and public BBS. This way will make the customer see that his or her views receive a response and other people who have known complaints know that the corporate notices the issue. For example, if the customer makes a video showing complaints and post it on YouTube, the best way for corporate will be directly responding on YouTube or making a video as a response to the customer. In a word, when the corporate encounters with public relations issue, they will face the problem and figure out a way to correct it.

As for the managerial implication of adopting this solution, the corporate should strengthen the employee’s training to improve their bargain ability and communication skills. Because customer service staff are the first people to contact with the disgruntled customer, their behaviors directly influence customer’s attitude. The following abilities should be possessed by employees: the ability to deeper understand the issues, the ability to make the customer become less and less angry and the ability to put thoughts into written words. With regard to financial implication, compared with the loss made by public relations disaster, the cost input used in adopting the measure will be less and it will bring more benefits to the company. In a word, this is a effective and beneficial measure.

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