

# Samsung – A Crisis Management Analysis

✘ *By David E. Johnson, CEO, Strategic Vision PR Group*

Samsung is in need of immediate [crisis management](#) as the damage from the [Galaxy 7 Note](#) and its burning battery escalates. It is the ultimate nightmare for any company in the smartphone industry – exploding phones. All of this comes at a time, when Samsung and its phones were seen as cutting into Apple's iPhone market share and seen as possibly having more cutting edge technology than Apple. Scratch all of that now. The company's lack of crisis communications in the two weeks the crisis has unfolded is an epic failure and demonstrates why companies need a crisis management plan in place for that dreaded moment when a crisis hits. It is obvious by Samsung's lack of response in the initial stages of the crisis, it had no plan in place.

In the Galaxy Note 7 smartphones purchased between Aug. 2016 and Sept. 15, 2016, the lithium-ion batteries from a certain supplier can overheat and catch fire. The company has received 92 reports of the batteries overheating in the U.S., including 26 reports of burns and 55 reports of property damage, including fires in cars and a garage. The Consumer Product Safety Commission has announced a recall of the device. The U.S. Department of Transportation has had the Federal Aviation Administration order airline passengers not to bring Samsung Galaxy Note 7 phones on planes unless they keep them turned off and don't charge them during the flight.

Samsung had already announced a replacement program where users could exchange their current Note 7 device for a new one, pending Consumer Product Safety Commission approval. Consumers can also exchange a current Note 7, and any Note 7-specific accessories, for a Galaxy S7 or Galaxy S7 Edge with

a refund of the price difference. Participants in the exchange program can also get a \$25 gift card or bill credit. Yet consumers are complaining that the process is anything but smooth and they are receiving conflicting reports from the company. Investors are growing nervous especially with reports following the announcement of the recall that Samsung was dumping technology shares. The company needs to act and act rapidly to save its share of the smartphone market.



### **So what should Samsung do?**

1. It needs to clearly address the issue of what is happening. One of the major complaints of many consumers is the company is providing very little information. Samsung needs to have its spokespersons in front of the media especially on television explaining in detail what the problem is. They need to reassure the public that other Samsung smartphones will not be affected. The company also needs to apologize to consumers and spell out in detail what it is doing to correct the problem and what the company is providing consumers in compensation. They need to offer more than just a \$25 gift card or bill credit. Offering a \$100 gift card or bill credit or even more is called for considering the gravity of the situation.
2. Along with a coordinated media campaign, Samsung should place full page ads in newspapers around the nation

apologizing, explaining what it is doing to correct the issue, and reassure consumers on the soundness of its products.

3. It should announce a deep discount of its other smartphones. At this point with Apple releasing the iPhone 7 and confidence in Samsung rapidly declining, a price reduction of its other phones is critical to prevent further market erosion.
4. Announce that company is conducting an investigation to find out what happened, and also why there were miscommunications with consumers. The investigation should be headed by someone outside of the company who is respected by both consumers and investors.
5. Communicate to investors and reassure them of the company's viability in the smartphone market and let them know where the company is headed.

Samsung was caught unprepared for this crisis, which has caused even more damage to its reputation and market share. It needs to take immediate steps to prevent further damage. For any company watching this crisis, this should serve as a notice for the need to have a crisis communication in plan before a crisis hits as delay is costly and fatal.

***About the Author:** David E. Johnson is the CEO of [Strategic Vision PR Group](http://www.strategicvision.biz), a public relations and branding agency that specializes in crisis communications, branding, and media relations. Additional information on Johnson and Strategic Vision, LLC may be obtained at [www.strategicvision.biz](http://www.strategicvision.biz).*