Public Relations Campaign Plan

SK-II Crisis Management in China

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Background

In September 2006, nine products from Proctor and Gamble’s (P&G) skin care line, SK-II, were found to have unacceptable amounts of chromium and neodymium. Although trace amounts of chromium and neodymium occurred naturally during the manufacturing process, SK-II contained high enough amounts that the skincare line didn’t pass Chinese governmental regulations.

The SK-II line, which was manufactured in Japan and sold in mainland China, was the première skincare line offered by American-based P&G. As a result of P&G’s high visibility and the popularity of the skincare line, SK-II quickly became the most discussed issue on Chinese Internet forums; disgruntled customers and opinionated bloggers immediately began discussing their dissatisfaction with P&G and the SK-II skincare line on said forums.

P&G was slow to address the crisis. After denying the Chinese government’s findings, P&G offered “voluntary returns” for customers who were dissatisfied with the products. However, the company didn’t recall the skincare line, nor did they address the banned substances in SK-II, during their crisis communication efforts. This led to the media portraying P&G as an arrogant brand.

With an already low level of consumer knowledge on the cosmetics industry and low brand loyalty in the Chinese culture, the SK-II crisis in China had a much more severe impact on business for P&G than they expected. Since new skincare products were released almost weekly in the Chinese market, a wrong move from a company like P&G could result in the loss of a huge portion of their market share.

Situation Analysis

The Procter and Gamble SK-II line of skincare products is currently facing a crisis situation in the Chinese cosmetic market. The Chinese government discovered trace amounts of a banned chemical substance in the company’s high-end skin care products, which immediately led to a negative media, government, and consumer response.

P&G initially challenged the Chinese governments findings of the illegal substances which was a huge misstep in the Chinese culture where the government is always right. P&G also responded slowly with a confusing and constantly changing return policy for the contaminated SK-II products.

Chinese consumers were extremely frustrated with the brand and felt that P&G did not care for the well being of their customers. Consumers and media alike took to blogs to express their anger towards the situation and loss of trust in the brand. It will be challenging for P&G to regain the trust of the Chinese consumers, media, and government. P&G will have to work to establish a “clean” SK-II product that is not potentially harmful to their consumer’s health. If P&G can re-establish trust with consumers, the Chinese government, media, and fashion and Beauty bloggers by clearly communicating their mistakes and reform efforts, it will help to rebuild the brands damaged image and help reduce the sales lost from the crisis.
P&G will likely face difficulties while implementing a crisis management plan. First, P&G must be able to communicate effectively with their consumers that the SK-II product line is indeed safe. Second, P&G will need to re-establish the high-quality image that SK-II previously had, in order to justify the purchasing cost. This is especially important as Chinese consumers have extremely low brand loyalty. Additionally, P&G will have to work closely with the Chinese government in order to get their product approved for safe sale. With all of the previously noted challenges, P&G must be consistently aware of the cultural barriers and conflicts of SK-II, which is a Japanese brand and the Chinese consumers.

Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis of SK-II Brand

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>• High brand awareness in China</td>
<td>• Low brand loyalty. People did not feel a connection with the SK-II brand, which made it easy for them to switch to competitor’s products.</td>
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<tr>
<td>• Multiple products available</td>
<td>• Media &amp; bloggers were posting varying false bits of information on the case, due to the confusion P&amp;G created with shifting policy and poor communication</td>
</tr>
<tr>
<td>• <em>Pitera</em> as an effective and proven ingredient that keeps skin youthful and beautiful</td>
<td>• When SK-II was advertising their products they were not upfront with how to product may or may not work for some consumers.</td>
</tr>
<tr>
<td>• SK-II has a worldwide reputation of being an expensive and high-end beauty brand</td>
<td>• When P&amp;G broken the cardinal rule and questioned the government they were then perceived as arrogant</td>
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<tr>
<td>• Demographic age (40-70 years old) is the demographic with the funds to buy a prestigious brand like SK-II</td>
<td>• “Return” implied that P&amp;G had done nothing wrong and made it look like it was mere customer dissatisfaction</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
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<tbody>
<tr>
<td>• Voluntary return policy was an opportunity for P&amp;G to revisit their current return policy (that they continued to alter) and to create a new concrete return policy.</td>
<td>• Many competitor companies that offer similar products in the same demographic, at the price point. Easy for consumers to switch to another brand.</td>
</tr>
<tr>
<td>• Little or no consumer education of cosmetics industry in China. P&amp;G has the opportunity to position themselves as the first and best skin care educator/resource through SK-II, ideally creating brand loyalty through education.</td>
<td>• When SK-II was tapping into the market of skin care, they had to be cautious of losing their prestige as a company</td>
</tr>
<tr>
<td></td>
<td>• P&amp;G must make sure their future product will pass the AQSIQ tests the first time; they cannot question the Chinese government if their products don’t pass as it is considered bad business in the Chinese culture.</td>
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</tbody>
</table>
Core Problem

The integrity of the P&G brand was questioned by the media and consumers after their SK-II product line didn’t pass the AQSIQ health tests; P&G was unable to effectively communicate their response to the crisis.

Campaign Goal

During the SK-II crisis there was a loss of public trust in China and P&G must work to rebuild brand integrity with clear, open communication about the improved SK-II product line with consumers, government, and media in an effort to maintain sales.

Campaign Strategy

Proctor and Gamble will address the SK-II crisis in the Chinese market by emphasizing the prestige of the SK-II product line as a high-quality western brand, while simultaneously showcasing the use of traditional eastern ingredients in its local manufacturing.

Key Publics: Strategy, Objectives, Key Messages, Tactics and Evaluation

To address the crisis P&G must work with four vital publics that are crucial in helping them achieve the campaign strategy. Working with product consumers, government testing officials, members of the media and citizen bloggers will allow P&G to communicate their message to the most important stakeholders.

Consumers

Consumers are a critical public to target, since they are impressionable and are the only public who directly contribute to product sales.

Strategy
Create trust through transparent communication of SK-II being a high-quality western brand that uses eastern ingredients in its Chinese production.

Objectives
1. Increase the online traffic of consumers to the SK-II website by 35 percent in the four weeks following the crisis
2. Provide daily updates throughout initial two week phase of the crisis via SK-II website, official social media channels and traditional news outlets
3. Return to seven percent, pre-crisis market share in the third tier of cosmetic products in China
4. To create the perception among Chinese women, aged 40-60, that the SK-II brand is a high-quality western brand that features eastern ingredients
5. Record number of products returned
**Key Messages**

- SK-II product line is safe to use and has no adverse health risks
- P&G is cooperating with Chinese product testers to show that authority will not be questioned
- Since SK-II is a product that enhances beauty, international star Lucy Liu will endorse the product and show its ability to produce lighter and more beautiful skin.

**Tactics**

- Sign Lucy Liu to a one-year contract to be the face of the brand
- Post daily updates regarding the crisis on the SK-II website
- Create an SK-II blog, featuring positive stories about how products are enhancing the beauty of consumers
- Post regular positive updates to official SK-II social media platforms
- Create a new return policy that is clear and can remain as stated in the face of any situation that may arise
- Free product samples that include informational brochures about SK-II being a high-quality western brand made of traditional eastern products
- Administer customer satisfaction surveys

**Evaluation**

The procedure to track and measure objectives

1. **Objective:** Increase the online traffic of consumers to the SK-II website by 35 percent in the four weeks following the crisis

   **Evaluation:** Website analytics from pre-crisis time will be used as a baseline and compared with the increase in website traffic from the start of the crisis until four weeks after the initiation of the crisis

2. **Objective:** Provide daily updates throughout initial two week phase of the crisis via SK-II website, official social media channels and traditional news outlets

   **Evaluation:** Create spreadsheet to track that daily updates are being sent to traditional news outlets and every social media network is posting content. Trackable URLs will be used to measure success of posts.

3. **Objective:** Return to seven percent, pre-crisis market share in the third tier of cosmetic products in China

   **Evaluation:** Follow the trends produced by the National Bureau of Statistics of China to see how market share dropped and then climbed as a result of the crisis communication plan.

4. **Objective:** To create the perception among Chinese women, aged 40-60, that the SK-II brand is a high-quality western brand that features eastern ingredients
Evaluation: Administer surveys at shopping malls, health clubs and large Chinese businesses

5. Objective: Record number of products returned

Evaluation: Log return reports from all stores where SK-II is sold and see how many products were returned from the onset of the crisis and in the weeks to follow to judge the effectiveness of the new and clear return policy

Media

Members of the media are important thought leaders to target in the wake of the SK-II crisis. Consumers feed off the ideas and the way they are portrayed by the media. It is with this idea in mind that P&G must target the media as a key public to ensure the correct message is received and thus transmitted to the consumers.

Strategy
Build a relationship with media and ensure they have the correct information to report on and have positive stories to report to ensure P&G is getting media impressions that portray SK-II in a good light.

Objectives
1. Have one positive story in every major Chinese news source within the four weeks following the crisis
2. Receive 60% positive media coverage about the changes P&G is making with SK-II products

Key Messages
- P&G ensures the SK-II beauty line is safe and reliable for consumer use
- P&G has redesigned their return policy to be clear, steady and easier for consumers to return products in crisis situation
- P&G does not regard themselves as being superior to authority and are open and receptive to providing transparent information
- There is no political tie between P&G and specific countries. SK-II is a high-quality western brand that uses eastern ingredients and is available for all consumers

Tactics
- Hold a press conference and provide information and take questions to ensure the media is well informed and relationships are developed
- Provide daily news releases in first two weeks of the crisis and as necessary after that
- Provide access to P&G officials for interview by journalists

Evaluation
The procedure to track and measure objectives

1. Objective: Have one positive story in every major Chinese news source within the four weeks following the crisis
Evaluation: Create a database containing every major news source in China and track which news source writes a positive story on P&G and the SK-II product line

2. Objective: Receive 60% positive media coverage about the changes P&G is making with SK-II products

Evaluation: Track all SK-II media impressions and rank them as positive or negative. Compile all impressions in the four weeks following the crisis to measure the percentage of positive impressions

**Government**

Government testing officials are an important public to target due to their prestige as an opinion leader and authority in Chinese culture. After making the mistake of challenging the government decision, P&G must work to mend the relationship. This will allow SK-II to be seen as a trustworthy brand.

**Strategy**
Increase communication and improve relationship between P&G and the Chinese government

**Objectives**
1. Ensure SK-II products pass the AQSIQ testing
2. Have 70 percent of targeted government officials attend private SK-II open house and factory tour
3. Provide government officials with weekly reports about the positive changes being made to SK-II manufacturing

**Key Messages**
- P&G is open and willing to work with the Chinese government to ensure the quality of SK-II products.
- Issue an apology on behalf of P&G to the government about the initial disrespect shown by questioning their findings.
- P&G respects Chinese social customs and authorities
- P&G values the health and safety of Chinese consumers

**Tactics**
- Organize third party testing of SK-II products monthly
- Private tour and open house of SK-II factories for government officials
- Write a report about SK-II factory improvements for government officials
- Hold a press conference where P&G apologizes to government officials for questioning their initial findings of banned substances in SK-II products

**Evaluation**
The procedure to track and measure objectives
1. Objective: Ensure SK-II products pass the AQSIQ testing
   Evaluation: Receive documentation from AQSIQ confirming that the SK-II products are safe

2. Objective: Have 70 percent of targeted government officials attend private SK-II open house and factory tour
   Evaluation: Compile a list of 100 targeted government officials and invite them to take a private factory tour. Record attendance of tours to see if we reach 70 percent of our audience.

3. Objective: Provide government officials with weekly reports about the positive changes being made to SK-II manufacturing
   Evaluation: Record on calendar that weekly report has been sent

Fashion & Beauty Bloggers

Bloggers are considerable thought leaders in Chinese culture and need to be treated as such. There are many types of bloggers, but for this particular crisis fashion & beauty bloggers must be targeted since they represent the opinions of SK-II industry.

Strategy
Create a positive relationship with opinion-leading fashion & beauty bloggers that will result in positive earned media online via fashion & beauty blogs.

Objectives
1. Receive 80 percent positive talk on opinion-leading fashion and beauty blogs about SK-II products.
2. Receive five positive references per week about SK-II products on top fashion and beauty blogs.

Key Messages
- P&G is listening to feedback via blogs and social media about the SK-II crisis and is working to address the consumers concerns
- P&G is committed to providing effective, high-quality beauty products that are 100 percent safe for consumers
- P&G encourages online conversation and feedback about the SK-II product line so that the SK-II product line reflects consumer needs and wants.

Tactics
- Share links to favorable blog posts about SK-II products from fashion and beauty blogs on SK-II social media accounts.
- Share favorable blog posts about SK-II products from fashion and beauty blogs on SK-II blog.
• Provide top fashion and beauty bloggers with free gift packs that include product samples, product information, and a pre-post marked SK-II customer satisfaction survey to send SK-II feedback on the product and branding.

*Evaluation*

The procedure to track and measure objectives

1. Objective: Receive 80 percent positive talk on opinion-leading fashion and beauty blogs about SK-II products.

   Evaluation: Gather online reports via Google Analytics, Crowdbooster, and Awareness to acquire quantitative and qualitative data in order to see if 80 percent of talk on fashion and beauty blogs about SK-II is positive.

2. Objective: Receive five positive references per week about SK-II products on top fashion and beauty blogs.

   Evaluation: Gather online reports via Google Analytics, Crowdbooster, and Awareness to acquire quantitative and qualitative data in order to determine if there are five weekly SK-II positive blog references on top fashion and beauty blogs.
# Campaign Budget

## Budget for SK-II Campaign

<table>
<thead>
<tr>
<th>Detail</th>
<th>Per-Item Cost</th>
<th>Total Projected</th>
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<tbody>
<tr>
<td><strong>Key Public Consumers</strong></td>
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<td></td>
</tr>
<tr>
<td>Key Public</td>
<td></td>
<td></td>
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<td><strong>Consumers</strong></td>
<td>create awareness for SK-II as a high quality Western brand that uses eastern ingredients</td>
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<tr>
<td>Strategy</td>
<td>create a new return policy</td>
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<tr>
<td>Tactics</td>
<td>use opinion leader (celebrity) to endorse SK-II</td>
<td>$1,500,000.00/yr</td>
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<tr>
<td>Website updates</td>
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<td>Social media updates</td>
<td>30 @ $15/hr</td>
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<td>Free product samples</td>
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<td>$598,000.00</td>
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<tr>
<td>Informational brochure</td>
<td>250,000 @ $1.00/ea</td>
<td>$250,000.00</td>
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<tr>
<td>Create SK-II blog</td>
<td>46 @ $15/hr</td>
<td>$690.00</td>
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<tr>
<td>Consumer satisfaction surveys</td>
<td>60,000 @ $0.50/ea</td>
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<td><strong>PUBLIC SUBTOTAL:</strong></td>
<td>$1,500,067.40</td>
<td>$2,101,355.00</td>
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<td><strong>Key Public Government</strong></td>
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<td>Key Public</td>
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<td><strong>Government</strong></td>
<td>increase communication and improve relationship between Procter and Gamble and the Chinese government</td>
<td>$9,000.00</td>
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<td>Strategy</td>
<td>organize third party testing of SK-II products monthly</td>
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<td>Tactics</td>
<td>private tours of SK-II factories</td>
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<td>Facotry report</td>
<td>50 @ $15.00/hr</td>
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<td><strong>Key Public Media</strong></td>
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<td>build relationship with media and ensure they have the correct information to report on</td>
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<td>Strategy</td>
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<td><strong>Media</strong></td>
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<td>Tactics</td>
<td>News releases</td>
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<td>Interview with P&amp;G officials</td>
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<td><strong>PUBLIC SUBTOTAL:</strong></td>
<td>$0.10</td>
<td>$25.00</td>
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<tr>
<td><strong>Key Public Fashion and Beauty Bloggers</strong></td>
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<td>Key Public</td>
<td>create a positive relationship with opinion-leading fashion &amp; beauty bloggers that will result in positive earned media online via fashion &amp; beauty blogs</td>
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<tr>
<td>Strategy</td>
<td>post links of positive blog reviews on social media</td>
<td>10 @ $15.00/hr</td>
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<tr>
<td>Tactics</td>
<td>post link of positive blog reviews on SK-II blog</td>
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<td><strong>PUBLIC SUBTOTAL:</strong></td>
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<td>$35.48</td>
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<tr>
<td><strong>CAMPAIGN TOTAL:</strong></td>
<td>$2,211,853.60</td>
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## Campaign Calendar

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<thead>
<tr>
<th>Strategy</th>
<th>September</th>
<th>October</th>
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<tbody>
<tr>
<td><strong>Activity</strong></td>
<td><strong>Monday</strong></td>
<td><strong>Tuesday</strong></td>
</tr>
<tr>
<td><strong>Task</strong></td>
<td><strong>Monday</strong></td>
<td><strong>Tuesday</strong></td>
</tr>
</tbody>
</table>

**Notes:**
- **Key Public:**
  - Consumers
  - Government
- **Strategy:**
  - Create awareness/trust for SKBII
  - Create a New Return Policy
  - Regular Social Media Updates
  - Daily Posts About Progress
  - Sign Lucy Liu
  - Free Product Samples
  - Create and Maintain SKBII Blog
  - Customer Satisfaction Surveys
- **Key Public:**
  - Increase communication
  - Third Party Testing of SKBII
  - Open House/Private Tour for Government Officials
  - Factory Report
- **Key Public:**
  - Ensure They Are Correctly Informed
  - Press Conference
  - Daily News Releases
  - P&G Officials available for interviews
- **Key Public:**
  - Fashion and Beauty Bloggers
  - Create a positive relationship with fashion & beauty bloggers
  - Post Links of Positive Blog Posts on Social Media
  - Post Links of Positive Blog Posts on SKBII Blog
  - Provide Bloggers with Gift Packs

**GCP:**
- **Planning:**
  - Setting goals and outlining tactics