



THE FILTH AND THE FURY

DISRUPTIVE BUSINESSES &
DESTRUCTIVE PR – WHO CARES?

[WHITE PAPER]



INTRODUCTION



In an age where business is more likely to be conducted via an app on smartphone than in a more traditional 'analogue' environment, companies have to be prepared to be the disruptive force in their industry or face the very real threat of being disrupted themselves.

Ask any travel agent, newspaper publisher, bookseller, taxi operator or estate agent – and they will almost certainly tell you that we are living in disruptive times.

Companies like Uber, Airbnb, Purplebricks and, of course, the daddies of this disruptive age, Amazon, Facebook and Google, haven't just changed the rule book – they've completely torn it apart. For Uber, this has possibly led to its recent licencing issue in London.

Note: It's always worth remembering, these disruptive forces haven't bypassed the PR industry. As PR pros, our industry is in a constant state of flux. If we want to remain relevant and useful to our clients, we too must change.



A BAD REPUTATION



Even if you aren't familiar with the services of these disruptive brands (where have you been?) – you will have almost certainly heard their names. Sometimes, for all the wrong reasons.

The allegations against these disruptive brands come thick and fast. From dodgy tax schemes, unfair working conditions and misleading advertising campaigns, to accusations of sexual harassment, assault and even murder – disruptive brands have had everything thrown at them.

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Dave Lee
North America technology reporter

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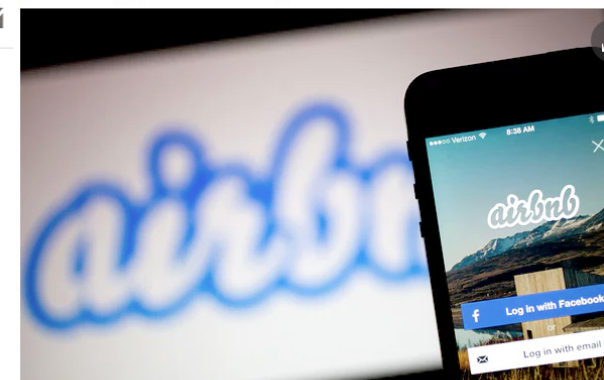
Purplebricks apologises for repeating banned claims after share price falls 7pc

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Airbnb faces EU clampdown for not paying 'fair share' of tax

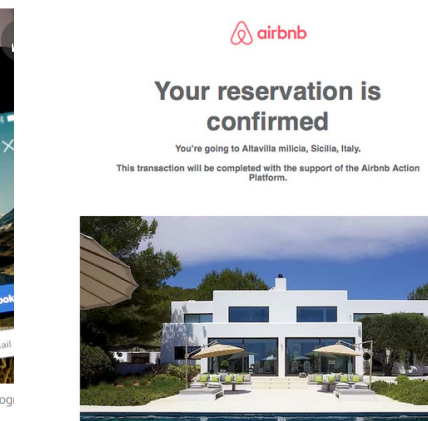
France and Germany spearhead new European Union fight to force home-sharing platforms to pay more tax in the right national domain



Airbnb is facing a growing backlash from governments and communities over its business model. Photo: Bloomberg via Getty Images

Could you spot a bogus Airbnb listing among the genuine ones?

A British family lost £4,100 when their Airbnb villa in Sicily, booked through the platform, turned out to be fake. We also look at why tenants should beware



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Uber driver charged with six murders after 'night shift killing spree'

A BAD REPUTATION



It seems, for all their popularity, disruptive brands can suffer from some pretty toxic and, at times, even (rather ironically) disruptive PR.

There's a very good reason for this.

The traditional media and their advertisers are absolutely terrified of them. The old economy was not built for the kind of rapid change often forced through by these disruptive brands.

More often than not, the old school seeks to defend a glorious past rather than push forward into the future and that's why we see brands like Netflix and Apple standing in the place of once famous names like Blockbuster and Woolworths (and that place isn't on the high street).



THE NEW ECONOMY VS THE OLD



The fact is, many of these new and more disruptive brands are more suited to the digital age and the speed it operates.

Disruptive brands, unburdened by history and the old-school mantra of 'we've always done it this way', will take any opportunity to bend, form and re-shape an industry with the help of 'white hot' technology and the kind of youthful passion that can only be found in a start-up.

But the 'old school' won't give in without a fight. Barely a day goes by without the media tearing into the business practices of these disruptive brands.

5 Minute Challenge: Do a quick search on Google News for Uber or Airbnb and try and find a positive story. Despite the fact you have probably had a positive experience with one of these companies, positive press coverage is not always so easy to find.

THOROUGHLY DESERVED... SOMETIMES



Of course, some of this negative press is thoroughly deserved. Uber, for example, has been through a particularly challenging period with accusations of bullying and sexism in the boardroom, resulting in a number of senior executives exiting the firm.

Now the company is up against Transport for London, which has decided not to renew Uber's operating licence.

If a firm is to operate successfully in this modern age, it must ensure its corporate culture and business practices are not rooted in the dark, distant past.

Even when it is fully justified, praise for disruptive brands is scarce and rarely hits the "popular" press.

A story recently featured in the Financial Times suggesting Amazon were responsible for delivery firm UPS creating 100,000 jobs over the past 16 years, would not likely find a home in The Sun or The Daily Mail, because it doesn't fit in with the narrative about a destructive, profit-hungry, multi-national corporation.



THE ELEPHANT IN THE ROOM



OK, sometimes these disruptive brands and their equally disruptive founders and CEOs have nobody to blame but themselves. Their almost pathological desire to build high-growth businesses and get to the top, pushing everyone else aside, is bound to make enemies.

For every Richard Branson (an apparently nice guy) there is a Steve Jobs (who prior to founding Apple was asked to work nightshifts because of his inability to wash), a Michael O'Leary (who once famously declared Ryanair passengers would have to pay to use the toilet on his aircraft), or a Mark Zuckerberg (who allegedly stole the idea for Facebook from the Winklevoss twins and ousted his friend from the company).

CEOs have often been compared to lead singers in rock groups, who famously suffer from a malady known as 'lead singer syndrome'. Positioned at the top of high-profile organisations, the attention, admiration and often jealously focused on their every word leads to inflated egos, tantrums and the general belief they can do no wrong. Is Travis Kalanick (former CEO of Uber) any worse than Bono (U2)? We'll leave that debate to an evening in the pub.

THE ELEPHANT IN THE ROOM



Let's face facts – with Jeff Bezos (Amazon), Elon Musk (PayPal, Tesla) and even (nice guy) Richard Branson (Virgin) all pioneering private space companies – you couldn't get more Bond villain.

But even Bond villains have their comeuppance and many 'brilliant' disruptive CEOs often leave (or are forced to leave) their disruptive start-ups at the point of going mainstream (often when the business is acquired or goes public).

Uber is currently going through this transformation with board member Arianna Huffington (no stranger to disruption herself) declaring: 'No more brilliant jerks.'

SOCIAL PROOF BEATS MEDIA ENGAGEMENT



However, outside of the media bubble, most people's experience of these disruptive brands is almost universally positive. That's because they tend to be very good at what they do, are rarely complacent and by-and-large their success or failure is governed by 'social proof'. As users, we constantly rate and review their services and share this information via the social web.

For Uber, this social reputation is vital to overcoming its London issues. After TfL decided not to renew its licence, Uber started a petition on Change.org that quickly became the fastest growing petition of 2017. The picture the media paints of Uber does not match the views of its user base - many of whom have taken to the social web to express their frustrations at TfL's decision.



SOCIAL PROOF BEATS MEDIA ENGAGEMENT



Thanks to social media, word-of-mouth marketing has gone viral. Key influencers (the people who persuade us to buy products or services) are more likely to look like social media celebrities, friends, family and work colleagues, than traditional journalists.

Then there's the question of the financial relationship between disruptive brands and the media.

Why would you pay to advertise an app in a newspaper or on the radio or television when (a) your audience doesn't engage with these forms or media and (b) you can have it pre-installed (and therefore readily available) on devices that your target audience seemingly cherish more than anything else.

FRIENDS IN ALL THE RIGHT PLACES



The 'traditional' media is, however, very much on the side of those 'traditional' businesses, whose advertising revenues they rely on, and their audience, many of whom do not fall into the demographics targeted by these disruptive firms, who dislike (or actively fear) change.

Because of this the traditional media is very susceptible to advances from groups lobbying on behalf of traditional industries.

London's famous black taxi cab drivers are a particularly vocal opponent of companies like Uber – and along with finding sympathy in the British press, they have, for now, triumphed against a company that reportedly spends £250,000 every month in the UK on PR and lobbying and is, more importantly to its clients, cheaper and more convenient than their traditional service.



FRIENDS IN ALL THE RIGHT PLACES

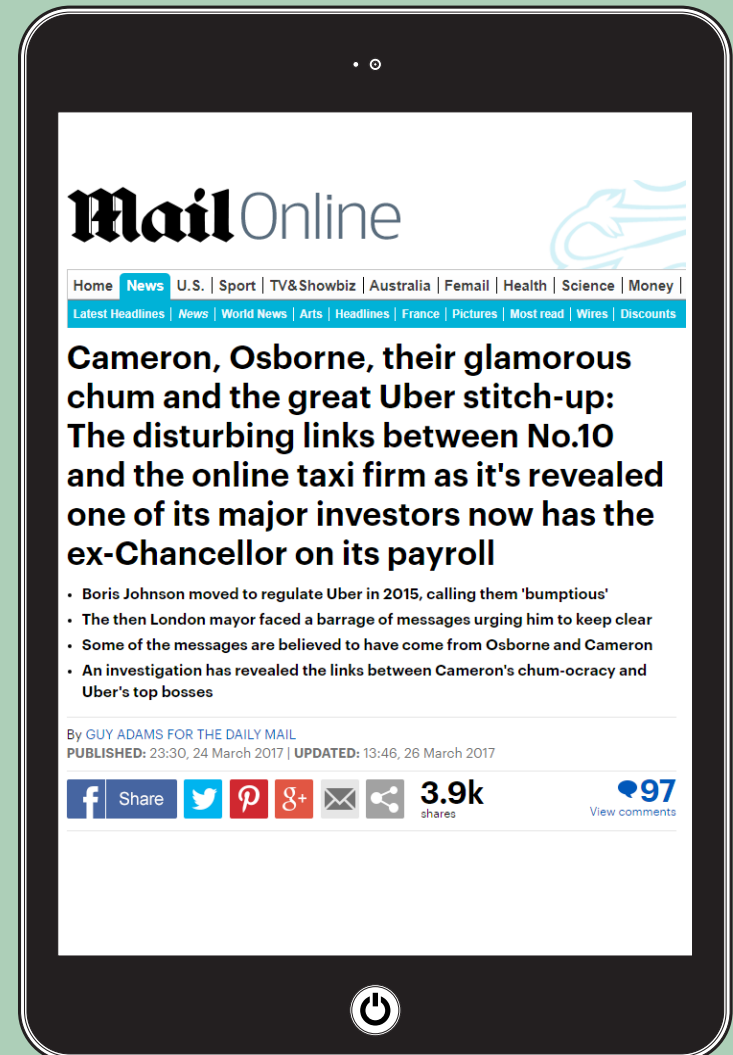


For a company that famously prefers to seek forgiveness rather than ask permission, lobbying government was a vital tool in keeping its drivers on the streets.

But in London the lobbying wasn't enough - the capital has joined several European countries, including Bulgaria, Denmark, Italy and Hungary, which have banned the service.

London has proved that even when Uber's service appears to be completely embedded, relationships with licensing authorities can be fragile.

In the UK, the company's prolific lobbying has generated some negative PR for the brand with accusations of cronyism going all the way to the top.



WHO CARES ABOUT BAD PRESS



So does it matter to these disruptive brands that their public image (in more traditional quarters of the media) is less than glowing?

Yes and No.

Obviously, disruptive businesses would like to be universally “liked” – it would certainly make entering new markets and attracting continuing investment (and in their efforts to grow – these companies burn cash) if they weren’t being followed around by acres of negative press.

Accusations of poor working conditions (often based on zero-hour contracts, no holiday or sick pay) and the employment of certain tax efficient schemes may also impact on their ability to recruit staff and could persuade some clients to look elsewhere for their service.

WHO CARES ABOUT BAD PRESS



Note: Many of the traditional industries actively lobbying against disruptive brands aren't exactly saints when it comes to the issues they highlight. For example, black cab drivers are self-employed just like Uber drivers and even the Guardian has been accused of using offshore tax havens.

However, if a company provides good value and a great service, the buying public are largely immune to negative coverage.

Amazon continues to thrive despite allegations of destroying the high street and avoiding tax, Uber has lost its London licence but has drawn out an army of supporters, online estate agents like Purplebricks will continue to squeeze the old real estate model and yes, the old school will continue to complain rather than focusing on fixing their now broken businesses models (that's progress).

BAD NEWS IS YESTERDAY'S NEWS

On the whole, if the customers' experience is good then why should these new disruptive companies care what the traditional media thinks about them?

In an age where a "like", "comment" or "share" on social media potentially has far more weight than a single column centimetre of any positive or negative news in any print publication, the rules regarding PR have also been disrupted.

The fact is, disruptive businesses tend to be very good at giving people what they want and once someone, even grudgingly, has experienced a positive service they are likely to share this experience with their friends.



BAD NEWS IS YESTERDAY'S NEWS



When these disruptive brands solve so many problems for their end users (availability, convenience, cost, ease-of-use, security, etc.) the problems of a little bit of negative press pale into insignificance.

If you cannot keep everyone happy, you might as well concentrate on keeping your paying audience and government regulators happy over the media.

It's also worth considering the old Oscar Wilde quote: "There's only one thing worse than being talked about and that is not being talked about." For every potential customer turned off by negative PR, another will think – I should check these guys out and make my own mind up about them.

When their experience is good, the whole "social proof" mechanism kicks in and drives wider engagement from family, friends and colleagues.

WHY THE PR INDUSTRY MUST CHANGE



Any PR professional engaged by a disruptive brand would do well to change their focus. When a client's target audience doesn't engage with the traditional media – you have to go elsewhere to better influence public relations.

This includes influencer outreach, customer relationship management and perhaps the biggest challenge and opportunity for any disruptive brand, ensuring all customer-facing staff understand what is expected of them.

For many disruptive organisations, it's the final (often human) touch of a transaction where reputations are won and lost. In this respect, human engagement can very much be viewed as a medium which can be manipulated with a little training and perhaps a little incentive.



WHY THE PR INDUSTRY MUST CHANGE



Because “social word of mouth” is the driving force behind the success of many disruptive businesses – PR professionals need to get to grips with customer sentiment (often at a granular level).

Great service should be highlighted and rewarded. Poor service needs to be identified and either improved upon or weeded out.

This means PR pros need to be all over the metrics of their clients’ businesses and compare and contrast them with those of their competitors.



CUSTOMER SUPPORT IS THE NEW PR



In recent times, there has been a lot of talk about the convergence of public relations and marketing – particularly in the arena of social media. In these more disruptive times, that convergence also combines the efforts of your customer services and support teams.

Of course, smart PR pros have always known this. But it's only now that technology has caught up with best practice that we are able to capitalise on this.

How has disruptive technology changed the way your PR practice operates? Can you operate at the speed new and disruptive business practices require for you to remain relevant? Is it time to embrace change and start disrupting your market?

It's time to embrace disruptive PR.

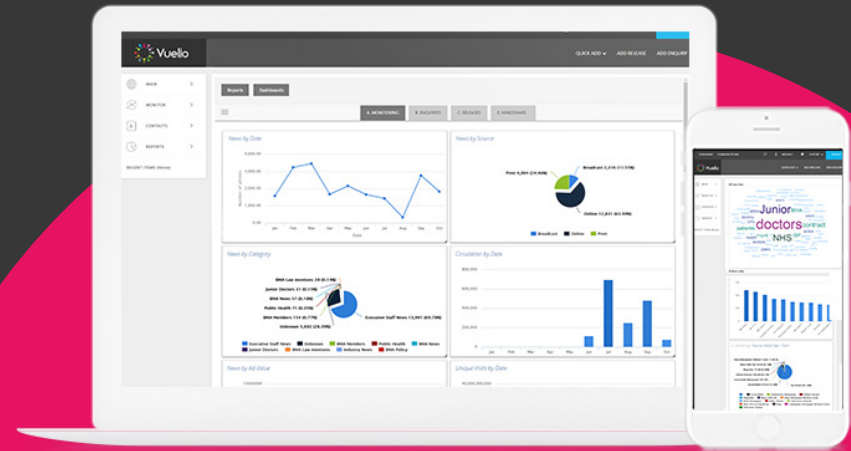
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