CASE STUDY    BY TONY FU

SAMSUNG NOTE 7 CRISIS REVIEW
On Aug. 2, 2016, Samsung announced its “best smartphone so far” - Galaxy Note 7. However, twenty days later, it became “the most dangerous smartphone so far.” The whole crisis lasted for 47 days, and it caused a plummet of the Samsung market value of $17 billion. Personally, I will divide the crisis into four periods.
KEY FACT

- Galaxy Note 7 was the flagship smartphone produced by Samsung and announced as “the best smartphone money can buy right now.”

- The first explosion case of Note 7 was reported in South Korea.

- Samsung Electronics started an exchange program for Note 7’s consumers.

- Some of the replaced Note 7s exploded again.

- CEO of Samsung Electronics and COO of Samsung U.S. apologized for the explosion.

- Samsung halted sales and production on Oct. 11, 2016

- Samsung published a research report and claimed the batteries were the problems.
PERIOD 1: LAUNCH AND PROMOTION

Samsung started to promote Note 7 on July 15, 2016. By sending and publishing official invitations, Samsung promulgated posters and motivated the public to guess details about Note 7.
PERIOD 1: LAUNCH AND PROMOTION

On Aug. 2, 2016, Samsung officially unveiled Galaxy Note 7 in New York. 17 days later, Samsung starts to sell Note 7 in U.S.
**PERIOD 2: CRISIS AND IGNORANCE**

- On Aug. 24, 2016, the first explosion case was reported in South Korea. On the same day, a Samsung Note 7 exploded in China.

- Samsung Electronics didn’t give any official feedback. Instead, a Samsung staffer responded, “It is common that burning accidents happen, and the reason is that the user didn’t use an original charger.”

- On Aug. 31, 2016, another post published on social media in South Korea. However, Samsung deleted the message and paid compensation to the user privately (this information was blocked until the end of the crisis).

- On the same day, Samsung delayed shipments of Note 7 to South Korea.
FIRST EXPLOSION REPORT
Any questions about #GalaxyNote7 #IrisScanner? Check out this! bit.ly/2b2T...
Samsung Electronics 🌐 @Samsung · 2016年8月18日
Samsung’s Latest Large-Screen Smartphone, #Galaxy #Note7, Now Avail. bit.ly/2b7MO7l

翻译自英文
Samsung Electronics @Samsung · 2016年8月22日
SHealth #Note7 provide the entire self-fitness experience much more.
Check out how bit.ly/2bejPPL

PROMOTION
Ready to switch to #GalaxyNote7? #SamsungCloud will be great partner for you!

bit.ly/2bJa9fr
PERIOD 3: APOLOGY AND ACTIONS

- On Sept. 2, 2016, Samsung announced the global recall of 2.5 million Note 7 smartphones and its Exchange Program for U.S. consumers. (China was not included)

- On the same day, CEO of Samsung Electronics apologized to the public.

- On Sept. 5, 2016; An explosion case happened in a hotel in Australia.

- On Sept. 8, 2016: Federal Aviation Administration advises passengers to turn off Note 7 before boarding.

- On Sept. 9, 2016, Samsung planned to stop sales in U.S.


- On the same day, Samsung Electronics faced the first lawsuit regarding Note 7 in Florida.
Samsung continued the exchange program, but only half of users returned their Note 7. Samsung fell in bigger trouble.

On Sept. 29, 2016, Samsung said more than 1 million people globally now are using Note 7 with safe batteries.

On Oct. 6, 2016, a Southwest Airlines plane evacuated in the United States because of smoke from a Note 7. Many airlines companies started to persuade or require passengers not to bring a Note 7 board.

On Oct. 9, 2016, AT&T and T-Mobile announced they halted issuing new Note 7 smartphones due to safe concerns.
PUBLIC’S COMPLAINT
BAD SERVICE

Sami @lam_phantastic · 2016年9月6日
回复 @SamsungMobileUS
has bad customer service I'm trying to exchange mynote7 they say we only do returns then purchase the phone when available

Filip Saprkin @FSaprkin · 2016年9月29日
@SamsungMobile you only care about US market when it comes to #note7 replacement. Wait until myNote7 explodes then you may care

Gregory Lindsay @_DjGS1 · 2016年
@SamsungMobileUS 35 cases out I want to return #mynote7 anything o

Imran @dokism · 2016年9月19日
回复 @SamsungMobileUS
bought mynote7 fromeBay.It was or Verizon and they are refusing to replace it.

mbonilla777 @daphoneguy · 2016年11月24日
@SamsungMobileUS #MyNote7 never got this hot! #IWantMyNote7Back
Allison Aquino @allisonsharpay · 2016年10月12日
I am already pissed off by @SamsungMobile 's 2nd replacement for note 7
#hassle #samsungnote7

Sargun @Sargunzz · 2016年10月12日
An apple a day may take your kidney away, but a samsung a day will take your life away! 😆 #Apple #SamsungNote7
LOSS OF LOYAL CONSUMER
Piquesel @huard_olivier · 2016年10月12日
So sad about the Samsung Galaxy Note 7 fate :( it's an amazing phone. #Samsung #SamsungNote7 I hope samsung will make a new version soon

翻译自英文
EXCHANGE PROGRAM

Samsung Electronics 🌐 @Samsung · 2016年9月2日
This is our statement on Galaxy Note7

[Statement] Samsung Will Replace Current Note7... Samsung is committed to producing the highest quality products and valued customer service. U.S. #GalaxyNote7 Exchange Program update: We ask you to power down your Note7 & return to where purchased. Info: smsng.us/Exchange.

Samsung Mobile US 🌐 @SamsungMobileUS · 2016年9月9日

Your safety is #1. We encourage customers to power down their Note7s & return them to where purchased. Info: smsng.us/Exchange.

Galaxy Note7 Safety Recall and Exchange Program
Samsung has announced an expanded voluntary recall on all original and replacement Galaxy Note7 devices.

Samsung Global Replacement Program for Galaxy Note7 Update: Many Choosing to Stick with Device
Samsung Global Replacement Program for Galaxy Note7: On September 2, 2016, Samsung Electronics announced a global replacement program for the Galaxy Note7 due to an isolated battery cell issue. Since then, the
EXCHANGE PROGRAM
Samsung Electronics 转推了

Yonhap News Agency @YonhapNews · 2016年9月28日
Galaxy Note 7 still popular despite battery woes

Galaxy Note 7 still popular despite battery woes
Around 15,000 new Galaxy Note 7 smartphones were put into service here Wednesday, an indication that the Samsung device is still popular among local consum... english.yonhapnews.co.kr

STILL AMBITIOUS
PERIOD 4
PERMANENT HALT OF SALES AND PRODUCTION

Update Information

- Samsung confirmed exploding battery Galaxy Note 7.
- Samsung unveiled Galaxy S8 in this spring.
- Samsung Note 7 returned as refurbished smartphones in June.
- Samsung launched Note 8 last month.
STRENGTH OF RESPONSE

- **Effective action** when realizing the seriousness of the questions. Specifically, the decision to exchange and recall Note 7 in the beginning was good but not thorough.

- Leaders of Samsung Electronics took effective actions to **apologize** to the consumers, and guaranteed to do everything to solve this problem.

- Samsung Electronics paid for the exchange and recall program. **Financial compensation** is not the best solution, but it is important.

- Samsung did **a thorough research** on the explosion crisis, found the reason and published the conclusion. Although it was late, it was a signal that Samsung cares about the consumers’ safety.

- Samsung’s **silence** after halting sales and production. If Samsung kept arguing or responding fiercely, it would lose more.
IGNORANCE AND DELAY. Samsung didn’t respond efficiently at the beginning of the crisis, and the PR person didn’t realize the seriousness of the problem. Therefore, I suspect the public relations person in Samsung needed more basic knowledge about the products and technology.

OVER-AMBITION. This was the biggest mistake that Samsung made in this case. Otherwise, Samsung might have responded to the public quicker.

INCONSISTENCY. In the case, Samsung promoted different content on its social media. I think it is not a wise decision to keep advertising the product after you apologize for its poor quality.

ARROGANCE. If Samsung did more research and tests before the launch or the first recall program, the story would be different.

PLEASE BE CALM. I think Samsung was too nervous to make any decision at that time. When encouraging consumers to exchange a new phone, Samsung ignored the importance of good service and efficient response online.
PERSONAL SUGGESTIONS

- **Respond.** No matter what kind of situation you are facing, please remember to respond to your consumers. Samsung’s response was too slow and useless.

- **Test before publish, think before say.** If Samsung conducted enough tests before launch and the recall program; if Samsung didn’t say Note 7 was the “best smartphone ever;” if Samsung halted sales and production as soon as it knew the problem.

- **Use your social media.** Samsung didn’t post anything on Facebook and Instagram. I am not sure if it is because these social media are not so useful, but I believe using social media efficiently to respond and communicate with consumers is important.

- **Never manipulate the public.** It’s unbelievable that Samsung deleted some of the explosion posts on social media in China and South Korea. Never use privilege when your company is in trouble. Otherwise, the public would distrust the company.
CONCLUSIONS

▸ Instagram is not widely used in crisis communication, but it is a common tool to promote products and brands.

▸ Manipulate the public by deleting posts and prohibiting free speech will lead to a worse situation.

▸ Never ignore the clients and their feedback, and take actions as soon as possible.

▸ A public relations person also needs some basic knowledge about the technology of the product. Otherwise, you will miss the best time to take action when a crisis happens.

▸ Services are more important than the product itself currently. A producer should also pay attention to after-sales services.

▸ Efficient communication with consumers will help a company go through a crisis effectively.

▸ Appropriate compensation and apologies are necessary when facing a crisis.
Samsung deleted some of the posts on social media after the crisis. Do you think that was a wise decision?

In a crisis, what should a company post and respond on its social media except for its remedial measures?

Is Instagram also a good tool to use in crisis management?

As a public relations person, what will you do when you find out the product has quality issues which the technology department didn’t tell you about? What if you are in a PR agency, and your client didn’t tell you the truth?

As Samsung didn’t know the real cause of the explosion, what was the best response it could make if it wanted to respond to the first explosion case on Aug. 24?
SOURCES

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Tech-Firstpost / Aditya Madanapalle  Dec, 30 2016 16:30:24 IST

Samsung Market Value Plummet $17 Billion on Note 7 Sales Halt

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Samsung’s Galaxy Note7 destroys the iPhone 6s Plus everywhere