CRISIS RESPONSE STRATEGIES AND ROLES OF MEDIA IN A CRISIS
FROM A CULTURAL ASPECT:
A CASE STUDY OF SAN LU GROUP’S MELAMINE CRISIS IN CHINA MAINLAND

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CHAPTER 1: INTRODUCTION

Crisis in a company is like an invisible bomb. When the bomb explodes, the company needs to respond promptly to control the situation and minimize loss. In particular, a food safety crisis in the baby milk powder industry would be a bomb that could potentially damage families and cause harm to their children’s daily lives.

In 2008, there was a serious crisis of melamine milk powder in China. In this crisis, San Lu Group a leader of the milk powder industry did not survive, although it had crisis management actions.

Compare to western countries, Asian countries, especially China, do not have mature public relation theories to resolve the crisis in image and reputation respective.

In this paper, the purpose of case study is to investigate how did San Lu Group’s responses work to diffuse their information by cooperating with media. San Lu employed mortification, good intention, bolstering etc. responding strategies to help them. The content analysis was conducted to investigate the response strategies of San Lu Group and how did media broadcast the crisis to the public. The result would be compared to the western theories of crisis response strategies. Through the comparison, special characteristics of Chinese culture including impatience, lacking of sympathy, good a
judging influenced San Lu’s effectiveness of the responding strategies. In the crisis, San Lu need to apologize early, do much propaganda of its culture and corrective actions. Also, the mainstream media is facing the challenge from social media and Internet users. The mainstream media are losing their credibility. Meanwhile, social media provide public more comfortable and convenient platform to communicate and transmit information much faster than traditional mainstream media do.
CHAPTER 2: CASE HISTORY

BACKGROUND

San Lu Group is an enterprise group of dairy cow farmers, dairy production and relevant science research, which is located in Shijiazhuang city, Hebei Province. San Lu Group had been one of the top 500 enterprises in China for consecutive 6 years from 2002 to 2007. Before the crisis, San Lu Group achieved sales of 100.16 billion yuan, an increase of 15.3 percent in 2007 (San Lu, 2008).

San Lu Group formerly known as the “Happiness Dairy Manufactory Cooperation” was founded in February 16th 1956. San Lu Group was the leader to develop the manufacture of infant formula in China at 1983. At 1995, San Lu Group was the first company to invest to advertisement on CCTV 1 (China’s mainstream TV channel) at prime time. In December 2005, Fonterra, a New Zealand company spent ¥864 million taking 43% equity stake in the Chinese dairy. The majority 56% stake is owned by Shijiazhuang San Lu Limited. (China news, 2010).

Wenhua Tian, the General Manager of San Lu Company, has been the president and general manager of San Lu for 13 years. Tian was a icon of successful companies managers in China, and her contribution to the company was also appreciated. She was
the chairman of the China Dairy Industry Association (China news, 2010).

The company was proud of its stringent quality control procedures, so it used to broadcast its extremely rigorous tests on its products. One program of CCTV "Quality Reports Weekly" once held a special edition called “Made in China” broadcasted San Lu’s 1,000 different tests carried out before its products leave the factory. “On 8 January 2008, San Lu got its second prize at the 2007 National Scientific Techniques Awards in the category of 'Innovative infant formula research and other related techniques'. A number of its products were exempted from government inspection for having passed government quality checks three times in succession” (CCTV, 2008). San Lu was one of the largest employers in Shijiazhuang, which nearly 10,000 people on its payroll.

At the beginning of 2008, the company got consumers’ complaints successively about the milk powder containing toxic substances. Ironically, on June 25th the in the same year, China Astronaut Research and Training Center announced that San Lu Group would be the only partner of astronaut milk supplement and professional manufactory. In the middle of September the same year, there were large groups of consumers sued the company that they got negative effects of San Lu milk. “At the end of 2008, San Lu Group was bankrupted and taken over by Beijing Sanyuan Food Company Ltd” (Baidu News, 2010).
ERUPTION OF THE CRISIS AND CRISIS MANAGEMENT

Section One: Consumers’ complaints and Kidney Stones

Started from March 2008, there were consumers sending email to San Lu Group to complain the negative effects of the company’s milk powder that their children got urine discoloration and particle in the urine after drank San Lu milk powder (Sina.com, December 31, 2008). On May 20\textsuperscript{th} at 19:58 and May 21\textsuperscript{st} at 14:11, an Internet user “78900880088” posted twice with a title “How can San Lu milk provide relief for the earthquake victims?!” on the most popular web community Tianya.com. He disclosed that his 13-year old daughter got diarrhea and urine discoloration as long as she drank San Lu high calcium milk powder for teenage. The Internet users’ incendiary comments caused San Lu Group’s attention. As a result San Lu required the poster to send the milk powder back to the company to take tests. At the end, San Lu Group refused to publish the result of tests with an excuse of business secret.

At May 31\textsuperscript{st}, San Lu Wenzhou regional manager negotiated with the poster and committed to compensating four boxes of four different kinds of milk powder, but the poster needed to delete the all posts of San Lu Group. The poster did not make it a deal and kept the posts on websites. On the middle of June, anonymity reported the issue to General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ) on its official web. The government officially involved in the investigation.

At July 30\textsuperscript{th}, Newspaper “Western Business” published an article to remind public that excessive calcium would lead lithiasis for infants. And it also reported that the
journalist saw two infants got stones and stayed in First Hospital of People’s Liberation Army (xbsb.com.cn, July 30, 2008). At September 10th, newspaper “Lan Zhou Morning News” reported that there was a relationship between kidney stones and some specific brands of infant milk powder manufactories (lzcb.com, September 10, 2008).

Section Two: San Lu admitted the infant formula was contaminated

At September 11th, “Eastern Morning News” published an article with title “There are 14 infants getting kidney disease with suspicion of the effect of San Lu infant milk powder” (dfdaily.com, September 11, 2008). It was the first news media reported the name of the milk powder company. It tracked the issue and disclosed many similar issues in different religions.

Two days later, Miss Liu in the Media Relations Department of San Lu Group required “Eastern Morning News” to remove the article about San Lu. Meanwhile she claimed that the qualification of San Lu milk powder was trustable and there were problems of the quality of water in Gan Su, Hebei Province. “Eastern Morning News” reported this incident (dfdaily.com, September 13, 2008).

At September 14th Ministry of Health of the People's Republic of China (MH) indicated that San Lu milk powder contained melamine. On the evening at the same day, San Lu Group published an report about the contaminated milk powder and recalled all the milk powder produced before August 6th 2008. At 9:00am September 15th, San Lu Group apologized and promised to cooperate with police to investigate and fix it.

Section Three: Police action and adjudicate responsible persons

At September 16th, Police Department in Hebei Province formally arrested 3
suspects. Meanwhile, MH announced 22 milk manufactories that got melamine in milk powder national milk test. At September 17th, police arrested another 6 suspects and detained 22 employees in San Lu Group for criminal reason, including CEO of San Lu Group and Miss Tian (xbsb.com, September 18, 2008).

At September 18, police seized 222 kilograms of melamine. At the same day, the CEO and Miss Tian were demoted their party deputies, and the Mayor of Shijiazhuang resigned. In addition, AQSIQ proclaimed to stop exempting food manufactories’ quality monitoring (xbsb.com, September 19, 2008).

After police and government controlled the issue and related persons were arrested, San Lu Group had nothing to do but wait for the decision of the government. In the middle of September, there were large groups of consumers sued the company. At the end of 2008, San Lu Group was bankrupted and promptly it was taken over by Beijing Sanyuan Food Company Ltd (China News, 2010).

Totally, the melamine milk affected some 294,000 Chinese infants and killed six (China News, 2010).
CHAPTER 3: LITERATURE REVIEW

CRISIS

There has been a continuous discussion within the literature of crisis communication about the meaning of the term "crisis". The definitions of crisis are diverse, and none of them is unquestionably right. Crisis is often vague and “one person’s incident is often viewed as another person’s crisis” (Guth, 1995, p.125). According to Duke and Masland: “What is not academic is the crisis itself” (p20). Crisis is naturally unpredictable and varied. However, “by using your imagination and by following other experts’ suggestion for developing a crisis plan, you can be prepared to handle an emergency when it occurs” (Newsom, Scott & Turk, 1993, p.539). In this review, the definitions of crisis divided into two categories.

First, crises are divided into literary concept and practical concept. From the practical viewpoint, crisis is a “disruption that physically affects a system as a whole and threatens its basic assumptions, its subjective sense of self, its existential core” (Pauchant & Mitroff, 1992, p. 12). A crisis can be viewed as a threat to an organization (Allen & Caillouet, 1994; Barton, 1993). The threat reflects the potential of a crisis to make reputation damage. The key reputation concerns are trustworthiness and the
organization's ability to live up to the social expectations of stakeholder (DiMaggio & Powell, 1991). In turn, reputation damage can be translated into financial damage and even threaten the organization's survival. Steven Fink points out the risks a crisis can cause (Fink, 1986, p.15):

- Escalating
- Coming under scrutiny of the media
- Interfering with normal operations
- Jeopardizing the positive public image of the organization

For instance, a crisis of Boeing Commercial Airplane directly or potentially threaten Boeing’s reputation; also, the environment, the health, safety or welfare of Boeing’s employees and residents in communities surrounding Boeing plants. Plus, Boeing would be disclosed, scrutinized by various media and even relevant government department.

On the other hand, scholars have argued about the literary concept of crisis for a long time. The word “crisis” has become a convenient synonym for an “accident”, “disruption”, “catastrophe” or even “disaster”. Based on the timeline, the definitions of crisis became more restrictive: Fink (1986) uses "unstable time or state of affairs in which a decisive change is impending" to describe a crisis (p. 15). Barton (1993) defines a crisis as a situation that has following characteristics: (1) surprising (2) threat to critical values and (3) requiring a short decision time (p. 50). Fern-Banks (1996) views a crisis as "a major occurrence with a potentially negative outcome affecting an organization, company, or industry, as well as its publics, products, or good name" (p. 1) As a result,
the context in which a crisis situation takes place may best be described as "dynamic" and "fluid" rather than "static" and "one-dimensional" (Sturges, 1994).

Although these definitions contain different points of emphasis, scholars have confirmed main characteristics of crisis:

First, Crisis is an unpredictable event. For instance, earthquake as a natural disaster can be predicted its degree but not the actuarial severity or scope of the damages. It is not only because of the technological uncertainty (Vaughn, 1996) that leads to have a crisis. A wise organization has the ability to know when would a crisis happen and gets prepared before it occurs, as Coombs (1999) says that a crisis is “unpredictable” but not “unexpected”. Perrow (1999) predicts that the crisis of organization in the future would occur mainly between organizations and their technologies. Vaughn (1996) suggests the necessary of interaction of an organization with its technology that organizations need to measure and calculate the risk regularly.

Second, in a crisis, values for individuals or organization must be challenged or threatened. Coombs (1999) clarified that a crisis must have disruption for local organization or individuals. However, the disruption should be in small local scope, and the crisis should not damage the entire plant.

Third, a crisis situation has limited time to solve and react. The organization does not have endless time to think, discuss or make plans to response. In fact, a crisis is an emergency that has limited time to cure and have specific time best for curing. In addition, when a crisis occurs the internal and external groups give pressure to the organization to response immediately. The response is always "critical in reducing, offsetting, and containing harm" (Seeger, Sellnow & Ulmer, 1998, p. 234).
Fourth, an organization’s intention is significant in a crisis situation. When a crisis occurs, the organization should not find any excuse to make the public feel that the organization is unintentional (Green, 1997). Organizations are supposed to take responsibilities. The responsibilities include the organization’s proactive actions before the crisis and reactions during the crisis to minimize the damages (Fishman, 1999).

Fifth, in a crisis communication situation "Company has multiple goals and multiple audiences" (Tyler, 1997 p. 58). The organization gets involved complicated relationships with stakeholder such as employees, shareholders. The complicated thing is that stakeholders seek to protect their own benefits in a crisis, but sometimes their benefits have conflicts. So the organization operates multiple tasks at the same time and use separate strategies such as reputation strategy, financial strategy (Tyler, 1997). Tyler also supplements not only the organization, also relevant organizations or individuals such as government needs to act as a multiple-task player in business and justice.

**CRISIS MANAGEMENT**

Crisis management is a process to make plans and use strategies to response public and minimum damages for both public and the organization (Pearson and Clair, 1998). Based on Barton (1995)’s point, Crisis management includes:

1. Intends to minimum loss of failure
2. Develop a formal communication system to manage crisis or prevent crisis happening

For recent years, crisis management focused on crisis management plan (CMP) by some scholars such as Coombs (1999), Caywood and Stocker (1993). A CMP “consists
of a full range of thoughtful processes and steps that anticipate the complex nature of crisis real and perceived” (Caywood and Stocker, 1993, p. 411). The CMPs are effective for immediate responses to a crisis when the crisis just occurs (Barton, 1993, 1995; Coombs, 1999).

An organization must have ability to act quickly to handle the crisis especially the reputation damage crisis once occurs (Massey and Larsen, 2003). The CMPs are developed to prepare for responding immediately, so they work as proactive ways to crisis. Remedial action contains strategic plans. By using the plans, an organization should have courage to commit to the plans (Massey, 2001). However, “many organizations faced with crisis or tough times have been known to deny, shut off, self-seal, cut down and use other means of self-defense that can keep the organization from rising above the threat it faces so that it can find opportunity” (Nathan, 2000, p. 13). Scholars believe that a crisis is both a threat and an opportunity (Penrose, 2000). Most crisis management base on principles of “saving lives, financial resources, and reputations and other valuable resources” (Coombs, 1999, p. x).

Because of the variety of definitions of crisis, finding a comprehensive crisis management approach is impractical (Burnett, 1998). However, all CMPs have main common factors such as measurement of possibilities of crisis, public definition, communication approach, response strategies and evaluation of the result (Penrose, Rasberry, and Myers, 1997).

So crisis management scholars attempted to find a preventative process model to centralize practices and theories of crisis management (Penrose, 2000). A very early and immature model was founded by Littlejohn (1983) focused on organizational structure,
team design, training, auditing, planning and actual crisis management (Littlejohn, 1983). This model has improved by many scholars in different cases (Milburn, Schuler and Watman, 1983; Mitroff, Shrivistana and Udwadia, 1987; Mitroff, Pauchant, 1992), and the famous one is Fink’s crisis stages management (Fink, 1986).

Crisis management models by crisis stage

There is a model of crisis management plan that suggests different proactive and reactive strategies in different periods of crisis. That model divides crisis into different stages: prodromal, acute, chronic, and crisis resolution stages (Fink, 1986).

Prodromal means "running before" or "providing warning signs" (p. 7). At this stage, a crisis manager needs to supervise any signs hint potentials of crisis, because managers need to know "that a crisis looms on the horizon" (p. 1). During this time, it is easy to manage a crisis as curing a patient at the beginning of disease.

The second stage is acute crisis phase. At this stage, crisis would expand and develop in great speed and extend. This period uses to be the shortest but may have most significant impacts on decision making in an organization.

According to Fink, acute "is the avalanche like speed and intensity that often accompany and characterize this stage" (p. 23). At this stage, managers would get much pressure to make decisions because of five characteristics of the stage:

- **(1) The situation escalates in intensity from an undisclosed problem to a receptacle of public attention**;

- **(2) The situation attracts increased media attention**;

- **(3) Critical distractions interfere with normal business activities**;
(4) The situation affects the positive image of the company and the reputation of its management team;

(5) The situation affects the financial well-being of the organization

(Fink, 1986, p. 15-16).

The third stage is called the chronic crisis phase. “This stage involves undertaking steps to correct whatever difficulties have surfaced during the acute phase” (Fink, 1986, p. 20). During this period, the organization enters into a self-recovery time also it may involve self-doubt and self-analysis. At this stage, the external and internal relevant people need to explore a new managerial style and operation collaboratively. They need to find out the main way the organization works, and potential changes would be beneficial and how to gain public’s trust. Mentally this stage would be the longest one, but Fink refutes that "chronic stage can linger indefinitely. But crisis management plans can and do shorten this phase" (Fink, 1986, p. 24). To emphasize the importance of preparation of crisis management plan to chronic stage, Fink gives an example that if an organization does not have crisis communication plan, it will "suffer lingering effects of a crisis as much as two and a half times longer than companies that were prepared with a crisis management plan" (p. 24).

The last stage is crisis resolution stage. It is a period for an organization to cure completely that the organization would be "well and whole again" (p. 25).

Fink’s model of four stages of crisis management plan shows a liner structure of a crisis from start, development to grow up and resolution.
13 years later, Coombs gets another way to classify stages of crisis management: the pre-crisis stage, the crisis stage, and the past crisis stage (Coombs, 1999). In this model of stages, Gonzalez-Herrero and Pratt (1995) pointed three principles of crisis management: issue management, preventing plan and practical execution. Kim (2002) focuses on the organization’s relationship with its public and founds a crisis management model based on public’s desires. It divided the crisis into prevention and containment. He emphasizes the internal culture element of the organization and external public’s closeness with the organization and believes the two elements would affect crisis management decision-making (Kim, 2002).

**BENOIT’S IMAGE RESTORATION APPROACH**

Benoit’s theory of strategies has been the most significant model to utilize in crisis communication research. Benoit’s model focuses on organization’s or individual’s reputation, as he assumed reputation was the most important asset. Benoit asserts “a reputation or public image, like other valuable assets, should be managed strategically to obtain the best results” (Benoit, 1995b, p8). Benoit (1995b) emphasizes the importance of reputation and image by giving an example that even the goal was not confirmed or there are more than one way to transmit messages, an organization’s reputation or image should be considered first (pp. 66-71).

At the same time, Benoit contends “harmful, counterproductive, and offensive behaviors occur, leaving an organization vulnerable to attack” (p. 67). Benoit’s definition of attack has two factors: first, the action has responsible person; second the action should be offensive (1995b). From Benoit’s point, it is unacceptable to change context
for reputation or image protection and maximizing. So, reputation or image is specific for context. Meanwhile, reputation or image is specific for stakeholder. From a macro point view, the individuals or organizations do not manage their own messages, utterances, but they pursue win-win ways that can maximize reputation or image in a collective level.

Fink’s category of stages of a crisis can work together with Benoit’s strategic model. Especially, in Fink’s acute and chronic stages of a crisis Benoit’s theory can be very effective. Benoit’s approach is actually a series of rhetorical strategies that an individual or organization should employ to protect reputation or image in a crisis for an attack. “The approach is based upon the dynamics of an attack-defend, stimulus-response condition” (Fishman, 1999, p. 351).

Benoit integrates notions from communication and sociology to develop reputation restoration theory. Benoit’s theory of communication strategies is used by organizations or individuals to explain their behaviors and restore their images. Benoit (1995b) assorts his model of reputation or image restoration strategies into six categories during a crisis event. “Many of the strategies are further sub-divided into distinct tactical variations” (Fishman, 1999, p. 351).

Benoit’s first strategy is denial, which means organization claims there is no crisis. There are two variations of denial: simple denial and shift the blame (organization blames other organizations or individuals for the crisis. “The advantage of such a shift is that it allows an organization or individual to portray it as a "victim" of unfair allegations or circumstances, and/or to direct attention to a scapegoat” (Fishman, 1999, P.352).

Benoit’s second strategy is evasion of responsibility, which used to reduce the organization’s responsibility for the crisis. This strategy is divided into four sub-divided
categories based on different situations of crisis: (1) Provocation: other organizations take first step to put the organization into the crisis. The organization has to react to defense itself, thus the behavior is defensive in nature; (2) Defeasability: the organization does not get enough information to prevent the crisis, or the organization does not have the ability to control the situation of crisis; (3) Accidental: the crisis occurs inadvertently because of unconscious mistake, which may be offensive; and (4) Good intentions: the organization confirm the occurrence of the crisis with sincere intentions. These strategies are complicated, because it is difficult to tell whether the organization has intention to prevent the crisis or the organization trends to denial its responsibility. However, Benoit’s (1995b) assumes that "Communication generally is best understood as intentional activity" (p. 65). This assumption makes the difference between defeasibility and accident vague.

Benoit’s third category is reduction of offensiveness of the event. Benoit creates six tactical strategies to help organizations or individuals to make the crisis “appear more positive” (Coombs, 2006, p. 181). It reduces the organization’s or individual’s responsibility for an offensive action and consequently protects its reputation and image. The six tactical variants are bolstering, minimization, differentiation, transcendence, attacking accuser, and compensation.

Bolstering refers to reinforcing an individual’s or organization’s good traits to offset its negative accusations. Minimization refers to noting the crisis is not serious. It “involves reducing or downplaying the negative aspects of a wrongful act” (Fishman, 1999, p. 352). Differentiation refers to telling public that the crisis is not like similar crises, thus it will not take bad results as former ones. It “distinguishes the alleged
wrongful act from other actions that involve deep-rooted harms and negative effects” (Fishman, 1999, p. 352). Transcendence refers to explaining the bad influence is temporary, instead, larger goal would be accomplished. It puts the crisis into favorable context to against claims, for instance "providing educational opportunities to those who otherwise would be locked out of the system" (Fishman, 1999, p. 352). A counter-attack refers to challenging the credibility of an organization’s or individual’s allegations about wrongful conduct. “This strategy may involve the use of counter-charges or diversionary sub-tactics (Fishman, 1999, P. 352). The last one is compensation, which refers to offering aids to the victims by the organization or individual in order to mitigate the negative aspects of the offensive act. These strategies “provide a series of tactical steps to minimize the scope and severity of the alleged wrongful action” (Fishman, 1999, P. 352).

Benoit’s fourth strategy is corrective action. An organization or individual employs the strategy to solve current problems and eliminate the possibility of repetition of similar crisis occurrence. Corrective action differs from the “compensation”, because the former one focuses on repetition for the future, however the latter one focuses on current situation to offset allegation in short-run term (Benoit, 1995b). Scholars as Sellnow, Ulmer and Snider (1998) contend that the corrective action strategy can be employed to collaborate with other image restoration strategies such as bolstering and transcendence. The organization can reinforce its good traits in the past and explains the current situation is related to larger goal for the future. Meanwhile, the organization’s corrective action can prove that the organization’s efforts to rebuild its legitimacy (pp. 60-61).
Benoit’s fifth strategy is mortification. Mortification refers to accepting the responsibility for the crisis and apologizing to the public and victims to express its regret and seeking public forgiveness for the offensive behaviors. The mortification strategy may be more effective to work together with corrective action. The organization can show its efforts of actions meanwhile, it can show its guilt of the offensive behavior and bad situation. Benoit asserts that mortification strategy can be implemented independently regard of variations of situations (Benoit, 1995b).

Benoit’s sixth strategy is separation. Separation refers to identifying a separate scapegoat within the organization and explaining the policy of the organization to employ corrective action strategy. The separation strategy is difficult to carry out, because some persons or departments would sacrifice thus the organization needs to compensate for their loss of money and mental anguish.

Overall, Benoit’s theory of image restoration actions contains fifty strategies and tactics: the six major strategies and the tactical diversifications within each category. “The first two categories address the concept of ‘blame’ or ‘perceived responsibility’; the second two categories are concerned with the question of ‘offensiveness’; and the final category (mortification) expresses remorse for wrongful action and seeks forgiveness (Fishman, 1999, p. 352).

Benoit’s theory of image restoration strategies is based on assumption that organizations or individuals value their reputation or image. Meanwhile, Benoit believes organizations and individuals are willing to increase the favorable aspects of their image in order to maximize reputation and eliminate negative allegations. But, Benoit contends that not all the members in the organization, all the audiences, or all the customers are
interested in the same aspect of the crisis situation. As Benoit (1995b) observes, "All aspects of the accusation may not be equally important to an audience" (p. 84). For instance, the victims may concern on the compensations, the rest of customers may concern on the corrective actions.

Benoit’s theory provides details of variations of crisis situations, and “that the model can be adapted to cover virtually every attack-defend situation from a celebrity crisis such as the Tonya Harding case to a company defending its actions and promising reforms for overcharging its customers for automobile services” (Fishman, 1999, p. 353). Benoit’s approach requires advance evaluation of the effectiveness of communication and discourses from an organization or individual. This evaluation involves “highlighting strategies from the model that were applied productively while identifying the strategies and tactics that lack persuasive appeal” (Fishman, 1999, p. 353).

Benoit and others scholars have had successes in applying Benoit’s model to a variety of different crisis situations, including case studies of an airplane crash, presidential leadership, manufacture (Benoit & Czerwinski, 1997; Brinson & Benoit, 1996; Benoit; Benoit & Lindsey, 1987). Once a crisis occurs, Benoit’s model provides “a self-executing mechanism, anchored in an attack-defense dichotomy” (Fishman, 1999, p. 354) although image restoration is only a part of crisis management. Compare to Benoit’s model, Fink’s approach is more concerned on the organization or individual’s business and financial recovery, while “Benoit subsumes these categories under his all-encompassing emphasis on maximizing reputation through image restoration strategies” (p. 354).
RESEARCH QUESTIONS

1. What strategies were used in the San Lu melamine case in responding, if any, how did the strategies work?

2. What was the role of media news report in San Lu’s crisis responding stage?

3. Can western theories of crisis be useful in China, which has several differences from western countries?

4. What strategies must be given special attention in China Mainland?
CHAPTER 4: METHODOLOGY

CASE STUDY

A case study is “one which investigates to answer specific research questions and which seeks a range of different kinds of evidence, evidence which is there in the case setting, and which has to be abstracted and collated to get the best possible answers to the research question” (Gillham, 2000, p.1). Case study research “is focused on a single, relatively bounded unit” (Gerring, 2007, p.33).

There are two essential characteristics of case study: no one resource is sufficient on its own, in other word each resource is fairly used and used together; another one is that “you do not start out with a priori theoretical notions-because until you get in there and get a hole of your data, get to understand the context, you will not know what theories work best or make the most sense”(Gillham, 2000, p. 2).

Based on Yin’s (2003) opinion, there are six different types of case studies classified by two dimensions: single (one case only) or multiple case studies (two or more cases in the study which have theoretical or literal replication) and exploratory, descriptive or explanatory case studies (Figure 4-1). An exploratory case study focuses
on defining questions and hypotheses of the study. A descriptive case study is used to summarize descriptions of a phenomenon in the context. An explanatory case study explains how events happened.

**Figure 4-1 Types of Case Studies**

<table>
<thead>
<tr>
<th>Single-Case</th>
<th>Exploratory Type 1</th>
<th>Descriptive Type 2</th>
<th>Explanatory Type 3</th>
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<tr>
<td>Multiple-Case</td>
<td>Type 4</td>
<td>Type 5</td>
<td>Type 6</td>
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</table>

There is another way to categorize case study into holistic and embedded case studies. Holistic case study collects one unit of the case, on the opposite, embedded case study tests units within a single case (Gillham, 2000).

For the purpose of the study — investigating San Lu’s response strategies for the crisis, the case study should be single-case explanatory holistic.

“All researches begin with the answering of questions of definition. Historical research is often the first step in answering definition questions and is necessary when answering questions of facts” (Stacks, 2010, P. 54).

For the research of San Lu’s responses of the crisis, the historical research is already on the background section.

**QUALITATIVE AND QUANTITATIVE RESEARCH**

From another respect, the research could be qualitative or quantitative, or both.
Qualitative research is always known as informal research method comparing to quantitative research. The qualitative research is used to investigate “why” and “how” questions (Stacks, 2002) in order to get in-depth understanding of human behaviors.

Qualitative research lacks of objectivity, so it “does not allow us to predict and generalize outcomes beyond what was observed” but it “gives us the opportunity to look in great detail at how an individual, a group or a company acted or reacted to some public relations problems” (Stacks, 2010, p.10).

Differently, quantitative research has measurable variables (Stack, 2010), which contains a large number of units of observation (Broom & Dozier, 1990). Quantitative research is “the controlled, objective and systematic gathering of data” (Stack, 2010, p. 8).

The advantage of quantitative research is that, it enables researchers to generalize the result to similar groups. However, qualitative research only can be valuable for a particular group or event.

For the case study, in order to understand San Lu Company’s reactions to the melamine infant milk powder crisis, the qualitative research would be appropriate. Meanwhile, the case study also needs to investigate general strategies of San Lu Company and the attitudes of mainstream media to San Lu Company’s reactions, so quantitative research is necessary to get statistic outcome.

Qualitative research and quantitative research can complement each other. There is a way to combine these two methods together to allow the case study both be in-depth to details and able to predict San Lu Company’s strategies — triangulation research (Stack, 2010).
SOURCES

There are three types of resources: primary sources, secondary sources and tertiary sources (Stacks, 2002). Primary sources are used to describe material bases on some disciplines and written as firsthand articles, books and images (Stack, 2002). They are the best scientific resources, because 1. They are from the time period, so they recorded the real data at specific time. 2. They present information in its original form, neither interpreted nor condensed. However, it is difficult to find primary sources, because the access to the primary sources is hard and researchers always prefer to keep them by their own. Primary sources are not always accurate, “original material may be …prejudiced or at least not exactly what it claims to be” (Iredale, 1985).

On the contrary, secondary resources discuss, evaluate and react to the primary sources (Helge, 1989). They involve generalization, analysis, and interpretation of the primary sources with the writers’ knowledge. Secondary resources in humanities are usually newspaper, magazine, academic journal or other written accounts. “Primary and secondary are relative terms, and some sources may be classified as primary or secondary, depending on how it is used and historical contexts” (Kragh, 1989, p. 121).

Tertiary Sources “refer to a source’s source – three times removed from the original sources” (Staines, Johnson & Bonacci, 2008, p. 46). It provides a general and literary overview of a specific topic (Weathington, Cunningham & Pittenger, 2010). On the opposite, Weathington, Cunningham and Pittenger (2010) classify textbooks and articles on newspaper and magazines into tertiary sources. Also, they believe that secondary sources should be “more in-depth than textbooks” and “comprehensive
reviews and are written by an expert on the topic” (Weathington, Cunningham & Pittenger, 2010, p. 177). The difference among Weathington, Cunningham and Pittenger, and Helge is their definitions of newspaper, magazines and textbooks. The former ones believe that although the textbooks, newspapers and magazines generally have casual review of a topic, the details in these sources are not scientific, because they contain authors’ attitudes. Differently, Helge’s definition of these sources should be academic books, newspapers and magazines, which should be objective.

For San Lu’s crisis case study, it is not easy to find out what the spokespersons’ responses directly. To avoid non-primary resources’ subjective attitudes or distortion, only the directly cite of San Lu’s spokespersons’ speeches count to the research. It is more scientific to use secondary sources, because they analyze primary sources directly. So the secondary resources of articles that cited the spokespersons’ speech would be accounted qualified sources (See Websites List).

CONTENT ANALYSIS

In the San Lu’s case, the chosen articles should be analyzed both in qualitative and quantitative ways in content level. “In the classic sentence identifying the process of communication ‘who says what to whom, how, with what effect’— communication content is the ‘what’” (Marris & Thornham, 2000, P. 200). Content analysis “is the objective, systematic and quantitative description of document” (Broom & Dozier, 1990, P. 139).
Based on Marris and Thornham (2000, p. 202), content analysis has “syntactic-and –semantic requirement” which means content analysis should be pragmatic of language, such as semiotic, science of signs.

For San Lu’s case, the study collects local news reports broadcasting the melamine milk scandal in China mainland and San Lu’s responses to the media. Based on the timeline of the crisis, all the data should be during the time from July 30th to September 18th. There were 236 news articles collected from newspaper, TV news, and magazines. Among the 236 articles, only 85 of them reported San Lu’s spokesperson’s responses. Among these 85 articles, only 61 articles cited different responses from San Lu Company.

The articles are collected and ordered by their publishing dates. The variables are publishing date, name of media, information sources, quotes from San Lu’s spokesperson, media’s attitude. The main part information sources including San Lu’s CEO and VP, San Lu’s spokesperson Wenhua Tian and others, San Lu’s employees, its customers, experts, Chinese government, Health Department of China, AQSIQ. Sources from others people or departments are considered as other sources. The quotes are divided into disclose others in the milk powder producing chain, explanation of the existence of melamine in milk powder, announcement of the good quality of their other productions, San Lu’s culture propaganda, current situation of the quality of milk powder in test, milk powder recall, apologize to public and patients, related or academic information of melamine. All the rests are belongs to other.(Codebook, Appendix A)
The code data would be input into Self-Propelled Semi Submersible (SPSS) software to get the mean, median, frequency, and percent data. The result evaluates what kinds of strategies did San Lu use and if somehow, how these strategies were conducted.

The discussion of the result from SPSS should be separated into different time periods based on three sections of case history review in the former chapter. The analysis of quotes means to understand the response strategies San Lu recruited to face the media and public. Based on the failure of San Lu Group, the data also would be used to analyze the reasons of failure.

METHOD LIMITATION

“Content analysis is ordinarily limited to the manifest content of the communication and is not normally done directly in terms of the latent intentions which the content may express nor the latent response which may elicit.” (Marris & Thornham, 2000, P. 203). Strictly, the content analysis focuses on the manifest content so that the content is just physically collected with no latent meaning.

In San Lu’s case, the data was collected based on timeline and the content analysis only do statistic algorithm without connecting to the current situation based on the timeline. Although the discussion would help to involve timeline into the discussion, the “current time” cannot be simply divided into three sections. Also the response strategies connected to the “current time” tightly.

The discussion should include public’s reactions on social media, especially on the Websites, which disclosed the scandal at the first time. The Internet users are the prominent groups for any crisis depending on particular history, culture and policies in
China. So at last, the three significant elements should be discussed and got involved into San Lu’s response strategies and San Lu’s failure.
CHAPTER 5: RESULTS

Through the analysis of 61 articles discussing San Lu’s melamine milk powder crisis, this study tries to answer the research questions both on qualitative and quantitative respects.

The research questions are:

1. What strategies were used in the San Lu melamine case in responding, if any, how did the strategies work?
2. What was the role of media news report in San Lu’s crisis responding stage?
3. Can western theories of crisis be useful in China, which has several differences from western countries?
4. What strategies must be given special attention in China Mainland?

Research Question 1A

The content analysis calculates the quotes of San Lu’s spokespersons’ speeches in each article. And the data would be used to try to answer the first question: What
strategies were used in the San Lu melamine case in responding, if any, how did the strategies work?

**Figure 5-1 Quotes Frequency and Corresponding Strategy**

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Quote</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provocation</td>
<td>Disclose others in the milk powder producing chain</td>
<td>5</td>
<td>3.03%</td>
</tr>
<tr>
<td>Good intention</td>
<td>Explanation of the existence of melamine in milk powder</td>
<td>21</td>
<td>12.73%</td>
</tr>
<tr>
<td>Bolstering</td>
<td>Announcement of the good quality of their other productions</td>
<td>36</td>
<td>21.82%</td>
</tr>
<tr>
<td></td>
<td>San Lu’s culture propaganda</td>
<td>3</td>
<td>1.82%</td>
</tr>
<tr>
<td>Corrective Action</td>
<td>Current situation of the quality of milk powder in test</td>
<td>40</td>
<td>24.24%</td>
</tr>
<tr>
<td></td>
<td>Milk powder recall</td>
<td>23</td>
<td>13.94%</td>
</tr>
<tr>
<td>Mortification</td>
<td>Apologize to public and patients</td>
<td>13</td>
<td>7.88%</td>
</tr>
<tr>
<td>Differentiation</td>
<td>Relevant or academic information of melamine</td>
<td>8</td>
<td>4.85%</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>16</td>
<td>9.70%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>165</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Based on Benoit (1995) and Brinson (1999)’s image restoration strategies, the quotes can be classified as six categories: provocation, good intention, bolstering, corrective action, mortification and differentiation. From the Table 1, the top three most frequent strategies used by San Lu Company are:
1. Corrective action — current situation of the quality of milk powder in the test and Milk powder recall (24.24% + 13.94% = 38.18%)

2. Bolstering — Announcement of the good quality of San Lu’s other productions (21.82%)

3. Good intention — Explanation of the existence of melamine in milk powder (12.73%)

Based on Situational Crisis Communication Theory (SCCT), situation influences selection of communicative responses (Ware & Linkugel, 1973). So the quotes also were collected based on the timeline, and the result is in the Figure 5-2
**Figure 5-2 Quotes Frequency Based on Timeline**

<table>
<thead>
<tr>
<th></th>
<th>I June 30~Sep. 10</th>
<th>II Sep.11~Sep. 15</th>
<th>III Sep.16~Sep.18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclose others in the milk powder producing chain</td>
<td>0</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Explanation of the existence of melamine in milk powder</td>
<td>0</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td>Announcement of the good quality of their other productions</td>
<td>19</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>San Lu’s culture propaganda</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Current situation of the quality of milk powder in test</td>
<td>10</td>
<td>28</td>
<td>2</td>
</tr>
<tr>
<td>Milk powder recall</td>
<td>0</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>Apologize to public and patients</td>
<td>0</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Relevant or academic information of melamine</td>
<td>0</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Others</td>
<td>5</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>95</td>
<td>33</td>
</tr>
</tbody>
</table>

From the Figure 5-2 some characteristics of San Lu’s response is obviously

1. In the first time section, San Lu’s main approaches were Company culture propaganda and other productions good quality announcement, but no
explanation of the negative news reported by local media and social media.

2. In the second time section, San Lu focused on reporting quality test result, explanation of the existence of melamine and production recall. But San Lu did not apologize to the public as many times as they explained the existence of melamine in their productions.

3. In the third time section, San Lu still focused on production recall and good quality of other productions, meanwhile San Lu apologized to the public for several times.

To sum up, the three main strategies employed by San Lu were:

1. Corrective action — current situation of the quality of milk powder in the test and Milk powder recall
2. Bolstering — Announcement of the good quality of San Lu’s other productions
3. Good intention — Explanation of the existence of melamine in milk powder

Research Question 1B

The question “how did these strategies work” is not easy to answer, because it is difficult to evaluate the results after the strategies employed. However, in the content analysis, the question could be answered by comparing the media’s attitudes when they reported the responses from San Lu Group.
Here is the Figure 5-3, show the relationship between response strategies and media’s attitudes:

**Figure 5-3 Media’s Attitudes and Quotes**

<table>
<thead>
<tr>
<th></th>
<th>I</th>
<th>II</th>
<th>III</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30-Sep. 10</td>
<td>Sep.11-Sep. 15</td>
<td>Sep.16-Sep.18</td>
</tr>
<tr>
<td>Disclose others in the milk powder producing chain</td>
<td>0 0 0</td>
<td>0 2 1</td>
<td>0 2 0</td>
</tr>
<tr>
<td>Explanation of the existence of melamine in milk powder</td>
<td>0 0 0</td>
<td>4 9 3</td>
<td>0 4 1</td>
</tr>
<tr>
<td>Announcement of the good quality of their other productions</td>
<td>11 8 0</td>
<td>2 9 0</td>
<td>0 6 0</td>
</tr>
<tr>
<td>San Lu’s culture propaganda</td>
<td>3 0 0</td>
<td>0 0 0</td>
<td>0 0 0</td>
</tr>
<tr>
<td>Current situation of the quality of milk powder in test</td>
<td>5 4 1</td>
<td>15 9 4</td>
<td>0 2 0</td>
</tr>
<tr>
<td>Milk powder recall</td>
<td>0 0 0</td>
<td>6 7 1</td>
<td>2 6 1</td>
</tr>
<tr>
<td>Apologize to public and patients</td>
<td>0 0 0</td>
<td>3 5 0</td>
<td>2 3 0</td>
</tr>
<tr>
<td>Relevant or academic information of melamine</td>
<td>0 0 0</td>
<td>2 2 4</td>
<td>0 0 0</td>
</tr>
<tr>
<td>Others</td>
<td>5 0 0</td>
<td>1 5 1</td>
<td>0 3 1</td>
</tr>
<tr>
<td>Total</td>
<td>24 12 1</td>
<td>33 48 14</td>
<td>4 26 3</td>
</tr>
</tbody>
</table>
For three different time sections, there are three diagrams show the relationship between the response strategies and attitudes of media.

**Figure 5-4 Time Section I responses and media’s attitudes**

**Figure 5-5 Time Section II responses and media’s attitudes**
Figure 5-6 Time Section III responses and media’s attitudes

Figure 4 and diagrams show us that:

1. During the whole time, there were more negative attitude-reports then positive attitude-reports

2. At the begging of the crisis, San Lu’s strategies of bolstering and corrective action were helpful to gain media’s compassion and support.

3. At the middle of the crisis, numbers of negative and positive attitudes-reports were not so much different, although negative attitude-reports were a little more.

4. At the middle of the crisis, San Lu’s main response actions (announcement of quality of milk powder in test, milk powder recall and apologize to public and patients) — belong to corrective action and mortification — got both negative and positive reactions from media.
5. At the end of the crisis, there were merely 4 times positive reports and the rests were almost negative.

6. Specially the action of announcement of good quality of their other productions and milk powder recall got the main negative report in the last time section.

Overall, although San Lu employed some strategies to response to the media, their efforts did not gain appropriate reactions from media with compassion. However, their strategies of corrective action, bolstering and good intention were effective in specific situations. San Lu needs more self-promote of their other productions at the beginning, more current products quality test reports at the middle of the crisis and more apologies during the last time section.

Research Question 2

The analysis of the first research question is helpful to answer the following question — what the role of media news report in San Lu’s crisis responding stage?

First, from the statistic analysis, main part of the media in the content analysis had negative or positive attitudes about the news when they reported San Lu’s crisis. Only eighty news was reported with neutral attitude.

At the beginning of the crisis (time section I), pubic knew a little about the crisis since there was not too much news reported about the crisis on mainstream media. Milk powder consumers were eager to know much details, because the mainstream media only disclosed that there was a relationship between kidney stones and specific milk powder company but did not notify the name of the company. However, public knew the crisis
from social media, especially from Websites, “Sina.com” and “Tianya.com”. The Web disclosed the company’s name by an Internet user and the post on web got numerous feedbacks soon.

After the unsuccessful under table deal disclosed by the poster, San Lu officially faced the crisis of credibility. But, the mainstream media did not react quickly to reveal deeper details instead they did nothing.

The mainstream media’s delayed reaction of the crisis had two influences:

1. The mainstream media lost their credibility and authority in public especially the TV program “Made in China” on CCTV. Although the program broadcasted the finest quality of products of the company one year ago before the crisis, public would wonder if the company already had quality problem when the program broadcasted it.

2. This suspicion leads public continues to speculate the credibility of relevant milk powder quality test organizations and the government.

On the second time section, “Eastern Morning News” disclosed San Lu spokesperson’s “withdraw” requirement and her shifting-responsibility speech. “Eastern Morning News” acted as a pioneer of media in that case. This disclosure immediately enraged consumers and other media agencies. Although San Lu choose some strategies to response — apology, products recall and other products quality test report — the attitudes of mainstream media still got more negative attitudes than positive attitudes. The negative attitude-reports influenced public to be more upset of San Lu Group.
On the last time section, San Lu continued to do products recall and apology. It is rational that San Lu decided to take the responsibility to continue recall and apologize. At that time, not only the media but also the public got angry so much. Most of the media agencies reported San Lu’s responses contained negative attitudes, although the arrested suspects were not related to San Lu Group directly (they supplied milk to San Lu).

In this case, mainstream media agencies’ delayed reaction of reporting the crisis was not excusable. Meanwhile, the social media’s ability of rapid reaction makes it a powerful competitor for mainstream media. CCTV lost much credibility. The negative attitude of the media is also a significant reason for the failure of San Lu Group.

Research Question 3

The third question — Can western theories of crisis be useful in China, which has several differences from western countries? — is debatable, because San Lu Group finally failed to survive that it is difficult to evaluate the strategies employed by San Lu. At least, there are some points can be found:

San Lu’s spokesperson shifted responsibility of the crisis to the quality of water when the crisis was like an eruption on September 13. After MH announced the test result that San Lu’s milk powder did have melamine inside, San Lu Group apologized two days after they shifted responsibility. In this time section, two news cited San Lu’s blame of water quality and both received negative attitudes from mainstream media. San Lu’s apology two days later was acceptable and got 5 negative attitude-reports and 3 positive
attitude-reports. In addition, San Lu’s corrective actions of milk powder recall and current quality of their milk powder in the test both got many positive attitude-reports.

Based on Coombs (1999)’s Crisis response strategies by level of responsibility acceptance, the highest-acceptance strategy is full apology, a high-acceptance strategy is corrective action, and one of two non-acceptance strategies is denial. The attitudes of mainstream media match Coombs’s classification of strategies based on the acceptance level.

Meanwhile, from another side, in the time section one—the beginning of the crisis, the strategy of bolstering (Announcement of the good quality of their other productions in San Lu Company and San Lu’s culture propaganda) got the highest rate of positive attitude-reports. In the eruption stage, the strategy of corrective action (current situation of the quality of milk powder in the test) got the highest rate of positive attitude-reports. Differently, in the last stage of the crisis, mortification (apology) got the highest rate of positive attitude-reports. However, this strategy got one more negative attitude-reports than positive attitude-reports.

So in different stages of a crisis, different strategies should be used to minimum reputation damage. Moreover, in different crises, even similar crisis happens in two different companies, not the same strategies would be the best for both of them. Overall, the strategies employed by San Lu and the reactions from mainstream media are reasonable based on the western theory of crisis management.
Research Question 4

From the Table 2 and diagrams, strategy of bolstering (announcement of the good quality of their other products) got mild reactions from media.

Surprisingly, San Lu’s apologies after the eruption of the crisis were not accepted by media positively, since 13 times apologies only got 5 times positive attitude-reports.

Moreover, the strategy of bolstering (announcement of the good quality of their other products) got almost all the negative attitude-report after the eruption of the crisis.

The three strategies got abnormal responses from mainstream media should be related to the unique culture and the power of Internet.

The further discussion would be in the next chapter.
CHAPTER 6: DISCUSSION

From the content analysis, San Lu employed strategies of bolstering, good intention, corrective action, mortification, provocation and differentiation. San Lu got 37% positive attitude-reports in the whole period. In this chapter, the discussion focuses on three most useful strategies in San Lu’s case. Also, distinctive characteristics of China mainland would be introduced in the discussion.

Strategies would be discussed based on Coombs (1999)’s order of acceptance of crisis response strategies (Figure 6-1).
**Figure 6-1 Coombs' Acceptance Level of response strategies**

<table>
<thead>
<tr>
<th>Crisis response strategy</th>
<th>Acceptance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Apology: the organization takes full responsibility for the crisis and requests forgiveness from stakeholders. It can also include some form of compensation.</td>
<td>Very high Acceptance</td>
</tr>
<tr>
<td>Corrective Action: the organization takes steps to repair the crisis damage and/or prevent a recurrence of the crisis.</td>
<td>High Acceptance</td>
</tr>
<tr>
<td>Ingratiation: the organization reminds stakeholders of past good works by the organization or praises the stakeholders in some fashion.</td>
<td>Mild High Acceptance</td>
</tr>
<tr>
<td>Justification: the organization tries to minimize the perceived damage related to the crisis. Includes claiming that the damage was minimal or that the victim deserved it.</td>
<td>Mild High Acceptance</td>
</tr>
<tr>
<td>Excuse: the organization tries to minimize its responsibility for the crisis. Includes denying intent or control over crisis event.</td>
<td>Mild High Acceptance</td>
</tr>
<tr>
<td>Denial: the organization maintains that no crisis occurred. The response may include efforts to explain why there was no crisis.</td>
<td>No Acceptance</td>
</tr>
<tr>
<td>Attack the Accuser: the organization confronts the people or group who say that a crisis exists. The response may include a threat such as lawsuit.</td>
<td>No Acceptance</td>
</tr>
</tbody>
</table>

**Source** (Combs, 2006, p. 182)

**MORTIFICATION**

Full apology is on the top of the level of acceptance however, the apology actions were not so acceptable in San Lu’s case. There are some reasons:

First, San Lu Company did not apologize at the prodromal phase. Instead, when the first consumer sent emails to San Lu to report the powder issue, it did not reply.

When the Internet user “789oo88oo88” disclosed the issue with brand name of San Lu,
the company acted positively at the beginning that required the poster to send the milk powder back. It is doubtful that San Lu did not announce the result of the test.

It is reasonable to speculate that San Lu may find some melamine in the milk powder at that time. San Lu’s compensation of four boxes of milk powder later increased the level of public’s doubt. In Chinese culture, public have negative attitude of making deals with consumers especially after the occurrence of the crisis. San Lu’s action means the company has a dark side and wants the consumer to cover it and keep the secret. San Lu’s requirement of deleting all of the posts is the tipping point that makes public angry, because it means the company controls innocent consumer and the power of the company stimulates public’s rages.

Second it was too late for San Lu to apologize after used provocation strategy that blamed the quality of water, especially the “Eastern Morning News” has reported the issue with its name before. In the whole process, San Lu did not show the public that it has compassion and sympathy.

Third, there have been several food safety crises in China, so the public is so sensitive about food safety. In history, there were food safety crises including 14 consumers dead after drank alcohol contained methanol at 2004; finding Sudan in duck eggs at 2006; NongFu Spring water contained white arsenic at 2009 etc (Technology of food in China, 2011). So although San Lu apologized after MH’s report, the public has been waiting for long time that they became angry and blamed San Lu. At the second and the third section of the crisis, the media and public already got upset about San Lu. Even if San Lu did apologize at the beginning of the crisis, it would not be easy for public to forgive it.
CORRECTIVE ACTION

From the statistic data, San Lu employed corrective action in a high-frequency accounts for 38.18%. During time section I and section II, the reports of current test results of milk powder got more positive attitude-reports but on the last time section only negative attitude-reports. From the quotes, current situation of the quality of milk powder in test focused on the problematic milk powder, not all the products in the test. The company emphasized the quality of problematic milk powder to replace bad image of the crisis at the beginning. Although the result of milk powder test was not good from the content, San Lu had to announce the truth or public’s disclosure would make it worse.

The negative results did not have much negative effects for the mainstream media agencies’ attitudes. Especially during the second time section, San Lu’s name was on the top of bad quality products list and its milk powder products got bad test result. From this respective, mainstream media was rational and willing to give support to San Lu. There were undeniable numbers of mainstream media agencies that hold their negative attitudes to report San Lu’s milk powder test results still, because in China, public always make conclusion quickly. Public judge a company easily, especially the melamine crisis in San Lu Group. In addition, the continued bad test results made public disappointed and lose patience.

Public in China do not have much sympathy and treat others hard that they merely give the company another chance for compensation. That could be a reason why San Lu’s recall action did not get sufficient positive attitude-reports. San Lu recalled its products after MH officially confirmed the crisis. It is not necessary for San Lu to recall milk powder at the beginning when the Internet user posted on the websites or the first news
media agency reported the issue, because the issue might not occur. From a historical respective, some food manufactory crises were related to crimes, for instance Pepsi’s syringe issue in 1993, and Tylenol painkiller medicine crisis in Chicago in 1982. So it was appropriate for San Lu Group to recall after its responsibility was confirmed, however, the public was inpatient to understand that. From their respective, it was irresponsible that San Lu did not react to the crisis when it just began.

**BOLSTERING**

Bolstering strategy including San Lu’s culture propaganda and announcement of good quality of their other products both worked well in the whole crisis.

The propaganda was employed at the beginning of the crisis in prodromal phase. All the quotes from San Lu’s spokesperson got positive attitude-reports. At the same time, these positive attitude-reports mentioned the crisis of melamine in milk powder. On the contrary of being skeptical for the consumers, the media are more rational about crisis at the beginning. The three media agencies reported the melamine first, and then announced that other products of San Lu were safe. But in the three articles, there was no resource from other authority departments like AQSIQ or MH, instead there were only directs quotes from San Lu spokespersons to emphasize superior quality of its other products.

This strategy can help San Lu to escape from the melamine issue temporarily and shift the public’s attention to other products. The three media agencies (Hebei News, Henan Business News, and Shanxi) are close regionally in three abutting provinces. The three reports were published on the same day. It was typical action for Chinese industry
in last 10 years that promoting products regionally and always starting from places near the manufactory. However, San Lu did not continue to emphasize its other products and just stopped after the three reports.

Employment of culture propaganda and other products emphasis at the same time can reinforce both of two strategies. San Lu has long history compare to other companies, so culture propaganda can remind public its good credibility history before. However, its culture of “Business Integrity” and “non-defective product” (Economic Daily, 2007) were ironic at that time. So consider of China’s culture that public have high expectation of a company or individual and is hard for public to accept a company’s mistake. When the melamine issue was reported, much culture propaganda or emphasis of other products’ high quality would have negative effects for the public that they would consider the strategies as a cover and the company wants to shift responsibility. But it is difficult to know which kind of extent is not over that can make public trust San Lu’s without making public doubt San Lu’s good intention.
CONCLUSION

From respective of distinctive characteristics of Chinese culture, first the public in China is impatient that they got bad image of San Lu easily and merely give San Lu another chance to fix the crisis. As a result, it is difficult for San Lu to restore good image by using culture propaganda, explanation or other strategies that have no practical or realistic meaning for the crisis.

Second, Chinese public is not sympathetic to forgive the company in the short time period. So strategies as mortification and corrective action (apology and announcement of current test result of its products) are not effective as they are in western countries. In addition, apology should be used as early as possible to get higher possibility to get sympathy from public.

The whole crisis started from a post of a popular web community. Meanwhile, Internet users got passion to participate online. On the contrary, the mainstream did not react quickly; the “Made in China” TV program lose its credibility. The mainstream’s reactions and their attitudes to report the crisis were not able to represent Public’s opinion. Although media have the power to conduct public’s point of view, the mainstream media (specially the “Made in China” program) controlled over and be ironical.

The power of social media is growing and going to be a challenge for mainstream media in China. Because of the limitation of right to speak in real life and the freedom to speak online, Internet users have passion and power to disclose the dark side of issues. It was the first time for Internet users disclosing crimes on line first. “Human flesh search” as a new way gives everyone a chance and power to participate issues. On the contrary,
mainstream media lack of communication with public and publics’ participant. So mainstream may be the last one to report the truth, while posts about a crisis are everywhere on the Web. From one hand, mainstream media would lose their audiences and credibility. From the other hand, the freedom of speech online can lead chaos or be used for unlawful purposes. The power of social media can be positive and negative both.
Limitation

First “Content analysis is ordinarily limited to the manifest content of the communication and is not normally done directly in terms of the latent intentions which the content may express nor the latent response which may elicit.” (Marris & Thornham, 2000, P. 203). Strictly, the content analysis focuses on the manifest content so that the content is just physically collected with no latent meaning.

The data was collected based on the timeline, the content analysis only do statistic algorithm without connecting to the current situation based on the timeline. Although the discussion would help to involve timeline into the discussion, the “current time” cannot be simply divided into three sections. Also, the response strategies are related to the “current time” tightly.

The discussion should include public’s reactions on social media, especially on the Websites, which disclosed the scandal at the first time. The Internet users are the prominent groups for any crisis depending on special history, culture and policies in China. So at last, the three special elements should be discussed and got involved into San Lu’s response strategies and San Lu’s failure.

Second, it is only a single case study that belongs to specific food manufactory industry crisis. The conclusion of the study may not be able to generalize to Chinese culture or food manufactory industry. In addition, the results of the study are analyzed by observation from reports and websites. There is no more method like survey or interview to confirm or complement the discussion and conclusion.

Last, the study is only about media coverage. Public like employees in San Lu Group, consumers and government officers did not include in the study. So the study
lacks public’s satisfactions of San Lu’s strategies and the internal public of San Lu like its stakeholder, their opinions and decision-making process.
Recommendations for future study

Food manufacture industry crisis study in China is not enough although there were several food safety crises in the last 20 years (Technology Food, 2011). The influences of Internet and online communities from grassroots are more and more powerful. The mainstream media face the challenges from social media now. So the future study can focus on the impacts of social media in food safety crises.

In addition, in San Lu’s case, the company did not employ all the strategies from western theories. So the future study needs to recruit other cases that include the other image restoration strategies.
Reference


WEBSITES USED

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Food Technology, http://www.tech-food.com
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