

CASE 1 ALTERNATIVES TO LAWSUITS

Until recently, unhappy customers had only two options: bombard customer service with complaints or file a lawsuit. The age of social media gave unhappy customers many more options to express their dissatisfaction and reach results that do not include legal: they can Twitter, share with all their friends on Facebook, write on their (or somebody else's) blog and even make a video about their experience. Making a video is exactly what the customer of United Airlines decided to do after fruitless attempts to get assistance from customer service.

YouTube

United Breaks Guitars

sonsofmaxwell 17 videos

Song #3 is Now Available at www.DaveCarrollMusic.com/song3

0:05 / 4:36

sonsofmaxwell | July 08, 2009 | 4:37

UBG Song#3 is released! www.davecarrollmusic.com/song3 There is now a video...

As Seen On: time.com

8,714,557 views

On July 6 2009, the video entitled: "United Breaks Guitars"¹ appeared on You Tube, who's author, Canadian musician Dave Carroll, wrote a song about his unsatisfactory experience with United Airlines. In the song the author blamed United Airlines for breaking the neck of his \$3500 guitar, which was the result of careless baggage handling and unreasonable policies. Customer service found Mr. Carroll's refund ineligible, because the claim did not take place within "standard 24-hour time frame".

While the story of Dave Carroll represents an ordinary customer service problem, the amount of publicity that the issue gained by being posted on You Tube, was outrageous: 150,000 views were generated within 1 day and grew to 8 million by March 2010.

In the aftermath of the events, Rob Bradford, United's Managing Director of Customer Solutions, telephoned Carroll to apologize for the foul-up and offered a belated compensation of \$3,000. Some claim that \$3,000 in damages is not reflection of UA's loss. Based on the Times Online "Carroll mishap" actually cost United \$180 million or 10 percent of its market cap: "...within four days of the song going online. The gathering thunderclouds of bad PR caused United Airlines' stock price to suffer a mid-flight stall, and it plunged by 10 per cent, costing shareholders \$180 million. Which, incidentally, would have bought Carroll more than 51,000 replacement guitars."² Generally airlines stocks have a downward trend, but the stocks of United in June –August 2009 represent the lowest point on the company's 3 year trading.

While United was recovering from it's bad publicity, the company that used the incident as an opportunity was Taylor Guitars, the brand of Dave Carroll's guitar. Bob Taylor, owner of Taylor Guitars, offered Carroll two guitars and other props for his second video; as well as issued a video response to the story.

So what was the outcome of this new type of corporate trial? The outcome for Mr. Carroll was pretty satisfying: besides financial compensation Dave Carroll got worldwide recognition as his song hit number one on the iTunes Music Store the week following its release and Time magazine named it #7 on its list of the Top 10 Viral Videos of 2009. For United the outcome was less pleasant: besides financial losses & wide criticism, the song "United Breaks Guitars" is the first one to pop up when somebody searches for United Airlines on You Tube.

Lesson Learned: Just because you have lawyers, doesn't mean you are covered from customer complaints!

The background of the slide is a light, airy white with a soft, out-of-focus bokeh effect. It is populated with numerous overlapping circles in various colors, including shades of blue, purple, teal, green, yellow, and orange. These circles vary in size and opacity, creating a sense of depth and movement. The overall aesthetic is clean, modern, and vibrant.

About **Social Strategy1**

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