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4 Disadvantages of Bad Publicity (and How to Deal with Them)

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“There is no such thing as bad publicity.” We’ve all heard this common PR adage. While bad publicity may work wonders for pop stars, for business owners it is a serious liability. The disadvantages of bad publicity are numerous and include plummets in sales, decreased customer retention, difficulties in talent acquisition, as well as a bad brand image.

Thanks to the rise of social media, bad publicity is much easier to produce and make go viral. It no longer comes only from mass media - any bad review of your product or service could be considered bad publicity. Here’s how unchecked bad buzz can harm your business and a few tips on how to deal with it.

1. Drops in sales

This is the immediate aftermath of bad publicity. Whether it’s a news story or bad online reviews, if people feel that buying your product or service is risky, they will opt for those of your competitors.

Statistics have been unanimous when it comes to bad publicity’s effect on sales. According to Search Engine Land, around 87% of customers won’t even consider businesses with low ratings. To understand how important this type of publicity is, consider that 81 percent of consumers rely on reviews to “test the waters” with a new business or product. Most of them say this information influences their purchase decision.

On the other hand, good publicity has the opposite ripple effect. For every one-star increase in Yelp rating, restaurants gained a five to nine percent increase in revenue.

2. Decreased customer retention

Apart from preventing the acquisition of new customers, bad publicity can also affect customer retention. Your loyal customers don't necessarily have to be directly affected to renege on their commitment to your brand.

In 2010, Johnson & Johnson recalled 136 million bottles of over-the-counter medications for children and adults. Some of the medications were found to be super potent, and some contained particles of metal. Immediately after the recall and accompanying bad publicity, sales went down by as much as 90%. Although this company weathered even more severe disasters in its history, in 2010, it wasn't able to rebound quickly.

Due to nationwide shortage and negative news coverage, even loyal Johnson & Johnson consumers switched to other brands. By the end of 2010, sales of the company's children's medications decreased by 60 percent or more. Drugstore brands gained 93 percent in sales, showing a clear shift in customer loyalty.

Losing loyal customers to bad publicity is an even greater loss than losing potential customers. Acquiring a new customer is 5 to 25 times more expensive than keeping an existing one. On the other hand, increasing customer retention rates by 5% increases profits by between 25% and 95%.

3. Harm to your brand

Nowadays, customers increasingly pay attention to brands' corporate values. These values need to align with the customers' social, political, and personal beliefs. On the one hand, these factors are a great opportunity to build a trusting, solid relationship with customers. However, ethical and social controversy can also bury your brand.

This happened to the automotive industry giant Volkswagen, which was at the center of an environmental scandal. In 2015, it came to light that as many as 11 million Volkswagen diesel vehicles had been equipped with software designed to deceive emissions testers. The subsequent mass recall of vehicles, investigations, fines, and rectifications were a massive financial hit for the company.

But the greatest harm of bad publicity was irreversible damage to Volkswagen's famous "the people's car" brand. By showing blatant disregard for the environment, people's well-being, and law, Volkswagen acted against its core values - and alienated many of its loyal customers.

This effect has been replicated in studies and surveys. Approximately six in ten customers will stop buying the product if they don't like the company behind it.

This kind of bad publicity is very easy to come by. As businesses are increasingly directly engaged with customers on social media, their branding messages are closely scrutinized. There is no shortage of bad publicity stemming from viral criticism of businesses' values and corporate culture.

4. Inability to attract talent

Bad publicity also makes it harder for businesses to attract talented, skilled workers. Companies with heavily criticized corporate culture often have to pay at least 10% more to convince candidates to work for them.

How to Minimize the Disadvantages of Bad Publicity

Bad publicity can happen even to the best companies. And with a little bit of wisdom and good crisis management, you can weather these storms and come out stronger. Here are a few tips on how to do it:

1. Track product reviews

If you want to avoid the first-hand bad publicity, it is important to track product and service reviews. Don't try to delete negative feedback or block the reviews altogether. On Google, social media, and online marketplaces, the review section is mandatory. There is a reason for that - as we mentioned, customers want to see reviews in order to make a purchasing decision.

Buying positive reviews won't help you either. Although it's common practice, fake reviews are illicit, pretty easy to detect, and can do more harm than actual negative feedback.

If your business's bad publicity stems from negative reviews, your best bet is to track them and respond to each of them and address their concerns. If all goes well, you can encourage customers to change their ratings and feedback.

2. Offer solutions

We mentioned how Johnson & Johnson found it difficult to bounce back after the 2010 mass recall of medications due to quality concerns. In the 1980s, the company had to go through a similar recall because seven people died after taking medication laced with cyanide.

The company's response to bad publicity was swift. They immediately went public and identified the facility and workers who tampered with the medications. They offered repairs to the families of victims and started selling medications in tamper-resistant packaging.

What's the lesson? You cannot run away from bad publicity. But you can face it head-on, equipped with transparency and practical solutions to the problems that caused the crisis in the first place.

3. Track what people say about you

While you can never fully control the narrative about your business, you can keep an eye on it and put out fires before they spread too far.

This means tracking what both mainstream and less popular websites write about your company. Tracking includes analyzing comments about your business on social media. But how do you do that without spending hours and days googling your own company?

Website Categorization API can help you prevent potential damage to your brand image by monitoring references in unwanted categories. It can also ensure your company's media placements are fully aligned with the brand image. Yes, there are Google alerts and similar tools you can use, but website categorization takes it a step further.

Website Categorization API makes tracking bad publicity an easy feat because it uses human logic and computer speed to analyze what people are saying about you.

It monitors website content and keywords based on natural language processing, sending results to human analysts for verification. You can set the scope of analysis and website categories that are a red flag for your brand placement. At the same time, this tool offers a plethora of complementary features that can cone your marketing strategy and ensure laser-focused targeting.

After this full circle, we're back to the beginning of the story. Is there such a thing as bad publicity? Of course. Can the disadvantages of bad publicity turn into advantages? No, they can't. But it is possible to successfully deal with bad publicity and prevent its bad effects from destroying your business. You can start here!