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## BUSINESS

# ‘I’m Sorry’ Gets More Expensive for Wells, Uber and Facebook

Brands trying to repair their images are spending millions of dollars to apologize online, in print and on television



Facebook's Mark Zuckerberg testified before the House Energy and Commerce Committee April 11, 2018. PHOTO: CHIP SOMODEVILLA/GETTY IMAGES

By *Suzanne Vranica*

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For companies in crisis, saying “I’m sorry” has become a more expensive endeavor.

Brands such as Wells Fargo & Co., Facebook Inc. and Uber Technologies Inc. are spending millions of dollars on advertising campaigns to apologize for a range of corporate missteps and to win back consumers’ trust. The pitches blanketing media channels in recent weeks show how the latest wave of atonement tours has become more sophisticated, as customers themselves increasingly tap multiple forums to express their dissatisfaction with a brand.

Facebook has been airing a TV ad pledging to address fake news and data misuse and to return the social-media network to its roots of connecting people. Wells Fargo, which has been embroiled in controversies including bank employees’ opening accounts without customers’ knowledge, is airing a spot acknowledging that it lost consumers’ trust and vowing to fix its issues.

Many of the apology campaigns include digital, print, billboard and TV ads, with television commercials airing during expensive programming like the NBA playoffs and “The Voice.”

Corporate mea culpa ads aren’t an entirely new phenomenon, but the new campaigns differ from those of decades ago, when many companies would run a one-off apology letter in national newspapers. In 1987, Chrysler Corp. Chairman Lee Iacocca used full-page print ads to apologize for the company’s testing of cars while the odometers were disconnected. Years later, when BP PLC was dealing with a massive oil spill after the Deepwater Horizon disaster in 2010, the oil company employed several different types of advertising, including TV, print and digital, to repair its image.

Today, companies are under pressure to launch more-elaborate campaigns, largely driven by the adoption of social media, experts said. Social-media sites have given consumers a public

forum to vent their anger and demand that companies be held accountable.

“We live in an age of rage, and companies are now compelled to engage and apologize,” said Harlan Loeb, global chair of crisis at Edelman, which advises Wells Fargo on corporate reputation.

Crises “can take on a life of their own in the social world,” said Jamie Moldafsky, Wells Fargo’s chief marketing officer. “That is a fundamental shift.”

Companies looking to prevent a prolonged backlash can no longer count on one type of media to reach customers. Wells Fargo said its current campaign will be its largest ever, using print, radio, outdoor, digital and mobile ads. The bank has spent \$21.5 million on its “Earn Back Your Trust” TV ad since it began airing May 5, according to estimates from ad research firm iSpot.

“The cost of a crisis campaign can now be up to 20 times what it was in 2000,” said Mr. Loeb.

To get real-time feedback on how much advertising they need to repair any damage, brands are using online polls and focus groups, and are monitoring social-media posts. For Wells Fargo, daily polling since 2016 revealed consumers had lost trust in the bank and wanted the company to acknowledge mistakes and show how it was fixing problems.

Facebook also says its campaign will be one of its largest ad efforts. The social-media giant is still working to rebuild trust among users upset over Russia’s alleged meddling in the U.S. election and the proliferation of fake news on its website during the 2016 presidential campaign. The Cambridge Analytica scandal, which involved the data firm allegedly improperly obtaining data on tens of millions of Facebook users, also raised questions about the protection of data and privacy on its platform.

Facebook’s ad campaign, which started in April and is expected to run through the summer, includes print, digital, movie theater, billboard and transit ads. As of May 29, the company had spent almost \$30 million on TV commercials that began airing April 25, iSpot estimates.

“We are taking a broader view of our responsibilities, and we hope this campaign will show that we take that responsibility seriously and are working to improve Facebook for everyone,” Facebook said in a statement.

Public trust in the social-media website had taken a significant hit, but it has rebounded in recent weeks. A survey conducted by research firm Ponemon Institute found 28% of the people polled shortly after Facebook Chief Executive Mark Zuckerberg testified before Congress in early April believed Facebook was committed to protecting the privacy of personal information, down from 79% in 2017. As of Friday, 47% said the company was committed. Facebook declined to comment on the study.

To be sure, the crises haven’t dented Facebook’s ability to attract new users or ad dollars. Its revenue rose nearly 50% to \$11.97 billion in the first quarter.

Uber, which has suffered a series of scandals, including accusations of sexual harassment, is airing a spot that avoids mentioning any of the ride-hailing company’s problems. It features Uber’s new CEO, Dara Khosrowshahi, promising that the company is moving in a new direction. Since the ad premiered on May 14, Uber has spent almost \$10 million, iSpot estimates. Uber declined to comment on its campaign.

While organizations used to be more cautious about publicly commenting on crises for fear of admitting guilt, public-relations professionals are now more able to push back against corporate lawyers who tended to balk at apology ads, according to Chris Gidez, a strategic reputation adviser who has done crisis-management work for more than two decades.

Corporate apology ads have now become commonplace, but experts warn the efforts must feel authentic and address solutions to be effective.

“Apologies should be treated like spices you add to a dish,” said Gene Grabowski, partner at Kglobal. “You don’t want to overdo it.”

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