

Broken Guitars

By Shannon Warren for the January, 2016 edition of The Journal Record

It is a catchy little tune that probably cost United Airlines an estimated \$180 million. If you are not among the fifteen million viewers who caught YouTube's rendition of *United Breaks Guitars* by Dave Carroll, then you are missing out on a truly valuable, albeit humorous, lesson in business ethics.

After Carroll witnessed his guitar being severely damaged by baggage handlers, he spent months trying to get United to make amends. They were not helpful. Finally, he wrote a song about his unhappy experiences, published it online and watched as the video went viral. His story was picked up by several news publications, including *Fast Company*, *The Economist*, *USA Today*, and even *The Guardian* in the UK.

If you are doing the math, then United could have saved a lot of money by paying the \$3500 to replace Carroll's guitar. Instead, their indifferent handling of the matter resulted in a public relations nightmare that appears to have cost shareholders a 10% drop in stock. The original incident happened in 2008 and the video was posted in 2009, yet the hits to United's reputation keep on coming.

The situation caught my attention when Jessica Merritt discussed it in a June 2015 edition of *Online Reputation Management*. While she acknowledges it is difficult to measure the total cost of angry customers who use social media to express their dismay to a broad audience, the overall loss to businesses could be as high as \$537 billion. She contrasts that damage with a Harvard University study that found "for every one star increase in a Yelp rating, there was a 5% to 9% increase in revenue."

Certainly, the United Airlines fiasco was preventable. Once discovered, a simple application of the golden rule could have resolved the issue. When things go wrong, companies must accept responsibility and promptly express a sincere apology along with an offer to remedy the situation. Even dissatisfied customers can be won back through empathetic gestures.

United finally acquiesced and offered to pay for repairs to Carroll's guitar, plus \$1200 in flight vouchers. Canadian-born Carroll graciously declined, asking them to donate the monies to a charity. My guess is that he's making a pretty good income from the boost to his music, book sales and career as a professional speaker/consumer advocate. Meanwhile, United Airlines is still singing the blues.