

University of Montana

## ScholarWorks at University of Montana

---

Graduate Student Theses, Dissertations, &  
Professional Papers

Graduate School

---

1995

### Consumer rumors and corporate communications

Susan M. Smith

*The University of Montana*

Follow this and additional works at: <https://scholarworks.umt.edu/etd>

**Let us know how access to this document benefits you.**

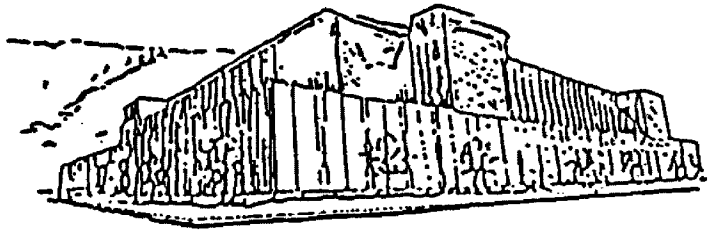
---

#### Recommended Citation

Smith, Susan M., "Consumer rumors and corporate communications" (1995). *Graduate Student Theses, Dissertations, & Professional Papers*. 8751.

<https://scholarworks.umt.edu/etd/8751>

This Thesis is brought to you for free and open access by the Graduate School at ScholarWorks at University of Montana. It has been accepted for inclusion in Graduate Student Theses, Dissertations, & Professional Papers by an authorized administrator of ScholarWorks at University of Montana. For more information, please contact [scholarworks@mso.umt.edu](mailto:scholarworks@mso.umt.edu).



Maureen and Mike  
**MANSFIELD LIBRARY**

The University of **MONTANA**

---

Permission is granted by the author to reproduce this material in its entirety, provided that this material is used for scholarly purposes and is properly cited in published works and reports.

**\*\* Please check "Yes" or "No" and provide signature \*\***

Yes, I grant permission

No, I do not grant permission

Author's Signature *Susan M. Smith*

Date *December 26, 1995*

Any copying for commercial purposes or financial gain may be undertaken only with the author's explicit consent.

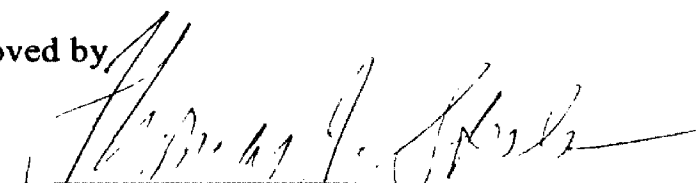


**CONSUMER RUMORS AND  
CORPORATE COMMUNICATIONS**

By  
Susan M. Smith  
B.S.B.A., The University of Montana, 1989

Presented in partial fulfillment of the requirements  
for the degree of  
Master of Business Administration  
The University of Montana  
1995

Approved by



Chair, Board of Examiners



Dean, Graduate School

January 2, 1996  
Date

UMI Number: EP39552

All rights reserved

INFORMATION TO ALL USERS

The quality of this reproduction is dependent upon the quality of the copy submitted.

In the unlikely event that the author did not send a complete manuscript and there are missing pages, these will be noted. Also, if material had to be removed, a note will indicate the deletion.



UMI EP39552

Published by ProQuest LLC (2013). Copyright in the Dissertation held by the Author.

Microform Edition © ProQuest LLC.

All rights reserved. This work is protected against unauthorized copying under Title 17, United States Code



ProQuest LLC.  
789 East Eisenhower Parkway  
P.O. Box 1346  
Ann Arbor, MI 48106 - 1346

## TABLE OF CONTENTS

	Page
I. INTRODUCTION .....	1
II. THE NATURE OF RUMOR .....	2
A Definition of Rumor .....	2
The Fundamentals of Rumor .....	3
Rumor Factors .....	3
Rumor Sources and Spread .....	5
Rumor Distortions and Demise .....	7
General Rumor Types .....	8
Consumer Rumor Types .....	9
Consumer Rumor Content .....	10
Themes in Consumer Rumors .....	13
Industries Most Susceptible to Consumer Rumors .....	16
Effects of Consumer Rumors on Corporations .....	17
III. APPROACHES TO CONSUMER RUMOR MANAGEMENT .....	19
Prevention .....	19
Control .....	20
Keeping Silent .....	21
Refuting The Rumor .....	22
Outflanking The Rumor .....	24
Pursuing Counterpublicity .....	25
Aftermath of Rumors .....	25
IV. CORPORATE COMMUNICATIONS AND CONSUMER RUMORS .....	25
Consumer Rumor as a Crisis Management Policy Consideration .....	26
Evaluating The Risk .....	26
Planning Accordingly .....	27
Communications for Consumer Rumor Prevention .....	28
Communications for Consumer Rumor Control .....	30
V. CONCLUSION .....	33
VI. DIRECTIONS FOR FUTURE RESEARCH .....	34
VII. WORKS CONSULTED .....	35

# CONSUMER RUMORS AND CORPORATE COMMUNICATIONS

## I. INTRODUCTION

A special kind of crisis confronting companies occasionally is the consumer rumor. This type of rumor, like rumors in general, is an unsubstantiated allegation, but it is distinctive in that it circulates specifically about a company or its products. Negative consumer rumors are believed to have the potential to devastate a company's sales, market share, reputation, and relations with customers and suppliers.

Consumer rumors are believed to proliferate in times of economic or social stress (49). The late 1970s and the 1980s saw a rash of rumor problems develop for companies. The conspiracy rumor about Procter & Gamble having ties to the "Church of Satan" and the contamination rumors about ground earthworms in McDonald's or Wendy's hamburger meat are well-known examples of consumer rumors that circulated then. The time was considered ripe for consumer rumors, creating a public relations profession boom for rumor management (22). Corporate relations professionals and the business media advised executives to develop crisis management plans and prepare communications strategies to combat rumor problems among others.

Some companies took heed, but many others still have not (23). The tabulated results of an informal survey conducted in 1987 showed that of the sixty-four major United States companies responding only one-fifth had plans ready to battle a consumer rumor, and of those plans, few were specific and formal (44).

The problem of consumer rumors has not gone away, and it probably never will. The economic and social conditions that promote consumer malaise, such as business failures, unemployment, and fear of unemployment (49) exist today as much as they did a decade ago. The need remains for corporate executives to understand the phenomenon of rumors so that they will know what to do should their company become a rumor target. What is more important, they should consider developing an action plan to help

in preventing their company from becoming a rumor target. Many businesses--large and small, national, regional or local--may be unaware of the danger of consumer rumors. This paper examines the consumer rumor phenomenon to help business managers know more about consumer rumors and what can be done about them. Suggestions are made for how to use corporate communications to help prevent consumer rumors or minimize the damage such rumors might cause.

## II. THE NATURE OF RUMOR

### A Definition of Rumor

Rumor has been defined by writers in various ways. Webster definitions of rumor include: "common talk or opinion" and "widely disseminated belief having no discernible foundation or source; hearsay" (15). Rumor has been described also as a "communication constructed around unauthenticated information" (37, p. 11), and more technically, as a "proposition for belief of topical reference disseminated without official verification" (35, p. 14). These definitions suggest that, in its simplest sense, rumor is an *unsubstantiated statement* about a supposed fact, a "fact" that is not really known to be either true or untrue. A rumor can be negative, positive, or neutral in meaning or effect.

Gossip is similar to rumor, and sometimes it is impossible to tell them apart. The context of the communication helps to differentiate the two. Gossip is small talk among a community or group's members about internal news of interest, while rumor has a more impersonal bent (35). Gossip is about "personal affairs and people's activities with or without a known basis in fact" (37, p. 131) while rumor can be about any subject.

Rumor is not only the presumed "fact," but also the process through which the statement spreads (37). It is a process that two authorities on rumors, Ralph Rosnow and Gary Fine, caution "...may be more easily started (and its product more easily disseminated) than stopped" (37, p. 11).



## The Fundamentals of Rumor

Rumor has been evaluated primarily from two different views--the sociological and the psychological. The sociological approach studies rumor at the level of collective actions, and purports that rumor meets needs for information in times of anxiety or uncertainty. Rumor helps its participants with discovering the conceivable importance of events happening in the world beyond their community or group. Sociologists interpret rumor as a way for members of society to come together and develop a common course of action for adaptation to social change.

The psychological approach studies rumor for how it addresses individual needs (35), such as for attention and status from others. Rumor also helps individuals "...to make sense of their environment; give vent and expression to anxieties and hostilities; and provide a means for reconciling dissonant beliefs" (37, p. 62). Rumor has been shown to perform all of these functions. It has both sociological and psychological purposes.

### Rumor Factors

Rosnow offers a third--contextual--perspective that unifies the psychological and sociological views. In his contextualist approach, rumor is defined by the situation in which it occurs, based on four variables that have been found to influence the process of rumor generation and transmission (35). The four factors of : (a) the importance or relevance of the rumor, (b) uncertainty or ambiguity in the situation, (c) personal anxiety, and (d) the belief or trust in the rumor encompass both sociological and psychological elements of rumor. These four factors currently are believed to be the main variables in the rumor equation. The following discussion covers how these variables have been found to influence rumors getting started and spread.

Importance and ambiguity. The factors of importance and ambiguity were recognized early on as contributors to rumor phenomena. In 1946, Gordon W. Allport and Leo Postman postulated a basic "law" of rumor: "...the amount of rumor in

circulation will vary with the importance of the subject to the individuals concerned *times* the ambiguity of the evidence pertaining to the topic at issue" (1, p. 502). This suggests that when the topic is important and news is lacking rumors are bound to surface to fill in the information void and reduce anxieties on the individual and societal level.

There have been conflicting findings about whether the perceived importance of a rumor contributes to its being spread. It seems reasonable to assume that people will spread a rumor that is of interest or importance to them, but some researchers found that people were more inclined to spread rumors they did *not* consider to be important (35). Individuals may be reserved about spreading a rumor when the anticipated consequences could be important. That is because they do not want to risk others' hostility or resentment for spreading an important rumor later found to be false. So Allport and Postman's "law" of rumor does not completely explain the rumor equation. Other factors have since been discovered to also influence rumor transmission.

Regarding ambiguity, rumors have been found to be more frequently transmitted the higher the level of ambiguity or uncertainty surrounding a situation (36). Rosnow defines uncertainty as "a belief or intellectual state produced by doubt, such as when events are unstable, capricious, or problematical" (35, p. 20).

Anxiety. The level of a person's anxiety (as measured by a standard test of chronic anxiety, the Taylor 1953 Manifest Anxiety Scale) and how much a person believes a rumor also factor into the rumor equation. Anxiety is believed to be highly conducive to rumor participation because it makes a person who is more uncomfortable than others in situations of uncertainty attempt to reduce the uncertainty. Also, people have been found to be much more likely to pass on a rumor about something they are already anxious about. This helps them to get feedback that either reassures them that the rumor is false or confirms the correctness of their anxiety (13).

Anxiety has been found to be a more important factor than credulity when anxiety is either very high or very low (35). At very high levels of personal anxiety, people will transmit a rumor whether or not the rumor seems true. At low levels of anxiety, people

do not carefully scrutinize a rumor's credibility and proceed to pass it on. Only at moderate levels of anxiety do people evaluate a rumor's truthfulness and judge whether to risk social censure by passing it on.

**Credulity.** The level of belief in a rumor is helpful in predicting rumor transmission when the rumor is believed to have potentially important consequences. The more a person believes in a rumor they think is important, the more likely they are to transmit it (35). When a rumor's potential consequences are judged as unimportant, regardless of whether the person believes in the rumor, the more likely they are to pass it on. Rosnow said, "This idea may explain why titillating gossip that is not credible even by the widest stretch of imagination is often spread with wild abandon" (35, p. 24). Only when people do not believe a rumor and the rumor may have serious consequences do they hesitate to pass it on.

How people hear of a rumor can influence their level of belief in the rumor. People are more ready to believe information that is overheard rather than told to them directly because they are less likely to question its credibility. Also, repeated exposure to a rumor can make it more readily acceptable since familiarity can lead to liking (37).

### **Rumor Sources and Spread**

The consensus among rumor researchers is that it is just about impossible to identify the source of a rumor (37). Rumors do not have initial witnesses. "The word always comes from the FOAF (friend of a friend), disclosing a story that was not previously known," (21, p. 80) according to Jean-Noel Kapferer, a rumor expert and professor of communication studies. He believes that it is a myth that rumors start with a specific intent, calling rumors "...most often a spontaneous social product, devoid of ulterior motives and underlying strategies," (21, p. 53) except when a rumor's appearance is not accidental. Kapferer suggested that, "Rumors start less from facts than from their perception" (21, p. 55). In actuality, the "grain of truth" to a rumor may merely be a wisp from someone's imagination.

People listen to and pass on rumors for a variety of purposes--to reduce anxiety, support a point of view, gain esteem, entertain, or manipulate a situation. As to who participates in rumor-telling, the spreading of rumor appears to be more a function of the situation than the individuals (37). Allport and Postman expressed this succinctly by saying that, "A rumor public exists wherever there is a community of interest" (2, p. 180). Whoever finds the message relevant may participate in transmitting a rumor. For this reason, rumors are believed to spread most quickly in the areas where they started (37) and where groups are homogeneous (29). For the rumor's public, the more news value the rumor has, the more quickly will be its diffusion (37). Rumors may be communicated through any media, but are transmitted primarily through word of mouth.

No differences on the many demographic and biographical variables studied have been found between rumor participants and people who hear but do not pass on a rumor (37). However, one characteristic has been found that definitely distinguishes rumor participants from others: low tolerance for ambiguity. When tolerance for ambiguity is lower, a person will be more interested in clarifying a situation. Persons who are highly ethnocentric or authoritarian have been found to be more intolerant of ambiguity, and are therefore believed to be more active in rumor transmission (37). The factors of personal anxiety and situational ambiguity have implications for rumor management communications, which are discussed later.

Studies of the transmission of rumors show that rumor-telling also may be an effort after higher social status. Rumors are believed to be started within a group by a lower-status, socially-isolated individual hoping to gain esteem. The rumor teller will introduce a rumor to a group's influential opinion leaders in hopes that by providing more information in a situation where it is lacking the teller will earn greater regard. The opinion leaders then begin transmission of the information, which develops into a network pattern, to other members of the group (23). Acquaintances more than friends have been found to circulate rumors (37), supporting the additional belief that people circulate rumors as a source of diversion or as a means for getting attention.

Researchers have not yet been able to specify the circumstances in which certain motives, such as fear or aggression, are prevalent in rumor participation (37). Rosnow and Fine said that, "There is not always simple agreement on the primary function or purpose of rumor" (37, p. 5). From all the different explanations, "...social exchange clearly emerges as a unifying theme" (37, p. 6).

### Rumor Distortions and Demise

Rumors have three components: a source, a target, and an allegation (23). Both the target and the allegation of a rumor are subject to distortion during transmission. A "sleeper effect" can occur, defined by Rosnow and Fine as "...the tendency over time to disassociate the source of the message from its content" (37, p. 46). A person may reject a rumor from an unreliable source the first time they hear it but begin to accept it after having forgotten who was the source. This implies that, as expressed by Rosnow and Fine, "Once opinions start to form, it becomes increasingly difficult to put an end to them" (37, p. 46).

A rumor's target may be distorted or changed. For example, in a 1978 rumor about hamburgers being made using ground earthworms, the target switched over a short period of time from Wendy's to McDonald's.

More often it is the allegation that is distorted. The most common distortions of allegations are the result of "...leveling (elimination of some details), sharpening (selective attention given to particular information), and assimilation (twisting [in] of new material to build a better overall structure)" (37, p. 36). Another distortion called the "boomerang effect" takes place when a rumor that was on the wane is rekindled through a variation of the allegation or target. (The term "boomerang effect" has also been used to describe the simple resurgence of a rumor resulting from its repetition during a denial.)

Fredrick Koenig, a professor of social psychology, believes that in order for a rumor to survive "...it must be passed on, must attract interest, and must be sensational

and attention-getting" (23, p. 117). Most rumors die and disappear after being disproved, or becoming irrelevant or uninteresting. Rumors also die out or become dormant when the contributory social tensions go away.

Some rumors become part of the popular belief structure. They evolve into what social scientists call "urban legends," which get passed along from earlier times. The term "urban" here refers to the sociopsychological conditions of urbanism, not to geography (9). Several Coca-Cola rumors (referred to as "Cokelore") have become legends, such as the ones about the solvent nature of the product and how, with aspirin, the drink is allegedly aphrodisiacal. The appearances of other types of rumors seem to be deeply embedded in human nature, such as threats to masculinity as manifested in fears regarding castration, impotence, or infertility, for examples (23). Although the average rumor is believed to have a relatively short life span (37), rumors incorporating myth have the potential for rebirth, like the ones involving hauntings or devil-babies, for examples (37).

### General Rumor Types

There are differing schemes for classifying rumors that help with gaining a greater understanding of them. The best known classification of rumors was made by Robert H. Knapp during World War II with the Massachusetts Committee on Public Safety. Knapp, who was a student of Allport's, examined and classified over 1,000 rumors into three categories depending on their allegation: pipe dreams (positive fantasies "expressing a person's hopes" (37, p. 23); bogies (fear rumors); and wedge-drivers (aggression rumors) (35).

Jean-Noel Kapferer, who has collected over 10,000 rumor examples, has classified rumors into five categories based on the predominant motivation that gives birth to the rumor. Three of Kapferer's categories are of rumors that may arise spontaneously (21), and are described by him as follows:

1. Rumors that are the result of an event whose meaning is uncertain or ambiguous.

2. Rumors that start from a detail or a sign, that is, something very tenuous that had previously gone unnoticed.
3. "Exemplary stories" that crop up without any precipitating fact. For example, Kapferer said that most "snake-at-K-Mart" or "spider-at-IKEA" rumors develop from scratch. In a suburb where they spring up, Kapferer said you will not find the slightest event that could have been misinterpreted thus firing off the rumor. That these floating stories become "true" somewhere shows that some people make no distinction between fantasy and reality. Kapferer claimed that this trait, known as mythomania, is not rare (21).

The remaining two categories of Kapferer's classification scheme are of rumors that are provoked:

4. Manipulation and disinformation rumors--having objectives varying from deliberate misinformation to a search for sensationalism.
5. Experts' opinion--those put forth by "experts" like the Procter & Gamble rumor in which someone draws attention to something and engenders its explanation. Leaks and confidential information also fall under this category of rumors (21).

In any rumor instance, Kapferer believes a rumor is a product of both fact and imagination, and that:

Different types of rumors reflect the prevalence of either realism or imagination and subjectivity in the production of the rumor's content. Some rumors dwell almost exclusively in the imaginary phreatic layer, that is, in the collective data bank of symbols and unconscious mythical motives.... Rumors with a predominantly realistic slant cannot eliminate the influence of the imaginary. (21, p. 60)

### Consumer Rumors Types

Fredrick Koenig provides a simple way to categorize consumer rumors in particular. He separates these rumors, sometimes also called "mercantile rumors" into two classes: conspiracy rumors and contamination rumors. Conspiracy rumors are

"...those in which the allegation connects a political, religious, or other ideological movement with a visible target: a successful commercial enterprise" (23, p. 39). About conspiracy rumors, Koenig said, "The carriers of the rumor are members of a population who feel that the movement is undesirable and threatening.... The corporate target serves to emphasize the extent and magnitude of the threat" (23, p. 39). The 1981 rumor that Procter & Gamble allegedly contributed earnings to the Church of Satan is the most publicized example of a conspiracy consumer rumor.

Contamination rumors focus on the target rather than the allegation. The alleged contamination may be from a foreign substance or object that adversely affects the product's value. Koenig believes that contamination rumors can be especially devastating because they are relevant to a much wider population. Also, the message does not necessarily have to be believed to have a negative effect (23). Koenig pointed out that, "General themes of contamination rumors are the untrustworthiness of big operations and a sense of deterioration in our society" (23, p. 90). The Wendy's and McDonald's ground-earthworms-in-the-hamburger rumors are examples of contamination consumer rumors.

### Consumer Rumor Content

Terry Chan of the alt.folklore.urban newsgroup on the Internet has maintained a list of consumer rumors and urban legends collected by the group since 1991. The newsgroup is "...devoted to the discussion and debunking of urban legends and other related issues" (7). The following list of rumors is a sampling of the more than 880 stories the group has collected and researched. Rumors marked 'F' are a "100% falsehood." Those marked 'T' are "100% scientific truth." The rumor marked 'Fb' is believed false, but not to the point of being conclusively proven. The rumor marked 'U' is unanswered and may be unanswerable. From toys to food, clothing to entertainment, the twenty-five recent consumer rumors listed in Table 1 (on the next page) give an inkling of the breadth of consumer rumor topics. (A few of the rumors have minor modifications to improve clarity.)



TABLE 1

## RECENT CONSUMER RUMORS (1991-1995)

**Status**

- F. Eelskin wallets demagnetize bank cards. (No, but a magnetic clasp might.)
- F. Bubbles in bubble wrap contain a cheap, but toxic gas.
- T. Fluorescent lamps will light up when held near a high-voltage line.
- F. Printer or copier toner is carcinogenic. (No, but be careful about breathing it.)
- T. Prodigy grabs large sectors of the disk, containing data from deleted files.
- F. Prodigy slyly reads your disk and nefariously uploads your top secrets to IBM.
- F. Hostess snacks (Twinkies, Cupcakes, etc.) aren't baked! They set, like Jello.
- F. "Ear lobe repair" is booming in NYC because thieves rip earrings off women.
- F. Movie "3 Men & a Baby" has a scene with a real ghost in it.
- F. Cabbage Patch dolls are possessed by the devil.
- F. Kid sends broken Cabbage Patch doll back. Death certificate sent back [to kid].
- Fb. Child's foot or leg is amputated after pumping Reebok shoes too tight.
- F. Woman frequents tanning salons; develops funny smell; innards cooked!
- F. First 7 numbers on bar code of "Thriller" album is Michael Jackson's phone.
- F. Sesame Street's Bert and Ernie are "gay."
- F. Banana peels and peanut shells contain hallucinogenic substances.
- U. Eating lots of chicken fast food causes males to grow breasts (from hormones).
- F. Eating carrots may improve night vision, because of large amounts of vitamin A.
- F. Red M & Ms are carcinogenic. (No, they use red dye #5, not dangerous #2)
- F. Snapple either supports Operations Rescue/KKK and/or the ship on the label is a slave ship. [The scene was the Boston Tea Party.]
- F. Shampoos and foreign beauty aids are made from aborted babies.
- F. "Instant" ramen noodles are coated with wax and can cause intestinal blockage.
- T. "Little Mermaid" video cover features good drawing of penis. Prank? Revenge?
- F. Unification Church (i.e. Moonies) owns Entenmann's bakery or Waldenbooks.
- T. "The Club" is lame because a thief could cut through the wheel in no time.

Key: F = "100% False" T = "100% True" Fb = "Believed False, But Not Proven" U = "Unanswered, May Be Unanswerable"  
 Source: Terry Chan and Peter van der Linden, "Frequently Asked Questions (FAQ) List," (reproduced with minor modifications) alt.folklore.urban Usenet Group, 1995.

John F. Sherry, Jr., at the University of Florida, conducted an analysis in 1984 of consumer oral tradition and found patterns of folk ideas and values of culture in American consumer rumors. He created a classification of consumer rumors based on rumor content. Consistent with the rumors found by the folklore newsgroup, the many stories Sherry found served to "...either threaten or enhance the reputation of products, services, and channel members, or to illustrate novel or unintended uses of same" (41, p. 2). Some of the stories even had achieved legend status.

Each of the consumer anecdotes Sherry found appeared to have a "...strong basic story appeal, a foundation in actual belief, and [a] meaningful message or moral" (41, p. 6). The surface structure, that is the actual wording of the stories, was that of a "...cautionary tale or exemplum, while the deep structure was more a fundamental exegesis of contemporary social life" (41, p. 6). Sherry's use of the term "deep structure" in this way referred to the underlying motivation or purpose for the anecdote.

Sherry believed that both the legends and the rumors he found "enfranchise speculation," helping consumers to "vent anxiety, bisociate [sic] to discover new insights, or informally indict or applaud business concerns" (41, p. 6). Sherry's view of the purpose of consumer rumors is that "delight, didacticism and direction are some of the more prominent ends of the stories" (41, p. 6). He suggested that interpretation of the ideologies underlying consumption may permit marketers to react more appropriately to consumer concerns (41).

Sherry claimed that consumer oral tradition is at its base an adaptive strategy to help in negotiating cultural change. He found that the consumer stories he examined mirrored the seven components of "the Great Change" in American community life over the past 200 years (see Table 2), as detailed by Gary Fine in 1980. The stories supposedly reflected personal and societal ambivalence about this change. Consumer stories in the future could potentially reflect ambivalence about societal change to come.

TABLE 2

SEVEN COMPONENTS OF THE GREAT CHANGE  
OF AMERICAN SOCIETY

- 
1. Division of Labor
  2. Differentiation of Interests and Associations
  3. Increasing Systemic Relations to the Larger Society
  4. Bureaucratization and Impersonalization
  5. Transfer of Functions to Profit Enterprises and Government
  6. Urbanization and Suburbanization
  7. Changing Values
- 

Source: Gary Fine, "The Kentucky Fried Rat: Legends and Modern Society," *Journal of the Folklore Institute*, 1980, pp. 223-227.

One of the implications of America's "Great Change" is that along with the division of labor comes a lack of knowledge of other occupational specialties. Individuals who no longer know specifically how consumer items are grown or made may view the production and workings of consumer items as the "equivalent of magic" (9, p. 223). This lack of understanding is believed to foster rumor-making to help individuals explain the unknowns. Another implication of the "Great Change" is that communication channels are changing because "community" is more increasingly based on shared interests rather than on proximity. The import of these implications to rumor communications strategy will be detailed later.

### Themes in Consumer Rumors

There are six major themes in the stories Sherry found. These themes exemplify to corporations how consumers may be communicating about their products or services. The themes also reveal which types of industries may be most vulnerable to consumer rumor. The themes are summarized in the following section using Sherry's titles:

**1. Credible inedibles: pollution and the consequences of contamination.** This category had the greatest number of anecdotes in circulation and concerns ingestion of contaminated foodstuff by unwitting victims. According to Sherry, this category is attributable to "Misgivings arising from the change in traditional dietary patterns..." (41, p. 2). The reason he gives for these stories is that consumers pay a price of guilt for modern convenience, which they temper by suspicion. Also, Sherry said that, "...Americans tend to debate the merits of new foods in oral tradition" (41, p. 3), and are fascinated with the back regions of food preparers. The major food groups found in these consumer stories are:

- Food which is processed and mass-prepared anonymously by corporate chains - Sherry mentioned that the concept of "eater's alienation" is used to explain our attitudes toward foods from whose production and preparation we have become separated. Foods most emblematic of this change, such as "fast foods," hamburgers, hot dogs, and chicken are logical targets of oral criticism.
- Beverages with a particularly novel or hedonistic dimension
- Dessert or candy products which assume dangerous potential in many stories

**2. Mercantile misanthropy: ambivalence toward big business.** A large number of the rumors and legends Sherry found seemed to reveal an underlying ambivalence that consumers feel toward corporate activity. Sherry mentions work by Burleigh Gardner from 1982 that noted consumer dislike for "Big Business" increasing during times of recession and unemployment. Gardner attributed several perceptions in particular to "hostile" consumers: that "...corporations lack concern for consumers; that corporations are dangerous and require control; and that corporations are not apt to make social contributions" (41, p. 3). Elements of xenophobia, racism, and protectionism are present in some of these stories. The types of stories in this category include:

- Shopping mall kidnappings or castrations - Sherry suggested that below the surface features of these stories may be the deeper concern that discount chains carry inferior products, and that consumers purchase from these chains at their peril.
- Foreign objects in the wares of chain discount stores
- Suppression of miracle patents
- Substitution of lesser quality foods for more expensive ones
- Shortfalls in availability alleging that the scarcity is artificial - Some of these stories suggest that corporations stockpile precious substances with the intent of escalating prices.

**3. Technology as mixed blessing: victimization and deskilling.** The "consumer as an endangered species" (41, p. 4) was found to be a recurrent motif in stories treating technology consumption. Sherry believes that these stories are told to help salve our consciences because of the qualms we have about our use of technology. For example, planned obsolescence of products clashes with our ecological concerns. There are also stories to counter "perceptions of corporate impersonality or exploitation" that celebrate the activities of others wreaking their revenge on the corporation (41, p. 4). Examples of stories in this category include:

- Clothes causing sterility
- Microwave ovens killing pets

**4. Apostasy and millenarian marketing: sacrilegious dimensions of consumption.** These stories had themes of corporate mistrust, forced conformity, conspiracy, and the mixed blessing of technology. Sherry said that, "When consumption is perceived as a

threat to cherished values, or when the secular humanism embodied in the 'organization man' supplants more traditionally religious ideologies, exemplars of this unwanted change become scapegoats" (41, p. 5). Examples of stories in this category include:

- The success of Procter & Gamble being attributed to a satanic alliance
- Revolutionary innovations, such as the computer, being given diabolical imputations

5. Folk pharmacology: potions, compounds and elixirs. These stories were about medicinal applications, diagnostic principles, street druglore, and trickster tales. Products can be synergists, antagonists, aphrodisiacs, or contraceptives. Sherry found that, "The potency of substances used for altering physical or psychological states is tempered with respect, and often with fear, in the anecdotes" (41, p. 5). Examples of stories in this category are:

- The use of chicken soup as a medicinal for head colds
- The imputed aphrodisiacal quality of green-colored M & M candy

6. Creative adaptations: alternatives to specified use. These stories covered the use of products, services, or channel members in a creative fashion. They may occasionally be fueled by the marketer. In these stories, Sherry said that, "...consumers advise each other of the existence of 'hidden' attributes, and of ways of improving upon mere surface benefit delivery" (41, p. 5) to aid in domestic chores, repair work, or medical relief. Examples of stories in this category include:

- The use of Coca-Cola as a rust remover
- The use of WD-40 to relieve arthritis

Sherry's informants reported that Coke anecdotes did not deter them from drinking the product in great quantity or with great frequency. Sherry supposed that because Coca-Cola is a folk generic, and that it is "...a dense symbol of American life, [that] may account in part both for the popularity of the anecdotes and the minor impact of the lore on personal drinking preferences" (41, p. 6).

## Industries Most Susceptible to Consumer Rumors

The variety of the consumer rumors that Sherry found shows that many different businesses and products can become a target of consumer rumor. However, the general belief of rumor researchers is that "big" businesses are most often rumor targets. Gary Fine commented that, "The frequency of attachment of an urban legend to the largest company or corporation is so common as to be considered a law of urban folklore" (9, p. 228). Fredrick Koenig suggested that, "It is not just bigness that makes certain corporations vulnerable as targets, but also the sense of a depersonalized presence looming in the community" (23, p. 90).

The sense that a company is "detached" from consumers appears to be an important determinant in the focus of rumor on a company. When little is known about a company and its products or services, consumers may be filling in the information void with rumor. Also, like in war and politics, "...competitiveness and secrecy feed a wellspring of rumor" (37, p. 29). Having the potential of being perceived as impersonal or having processes that are hidden should alert a company that it could be especially vulnerable to consumer rumor. Sherry's findings showed that companies that are innovative or progressive can also become rumor targets.

Ironically, companies that do not consider themselves vulnerable to rumor may be making themselves *more* vulnerable. The fundamental paradox of crisis management noted by crisis management researcher, Ian Mitroff, is applicable to the consumer rumor phenomenon in particular. Mitroff explained this paradox in an article written with Paul Shrivastava and Firdaus Udwadia on effective crisis management as follows, "The less vulnerable a company thinks it is, the fewer crises it prepares for; as a result, the *more* vulnerable it becomes. Conversely, the more vulnerable an organization thinks it is, the more crises it prepares for; as a result, the *less* vulnerable it is likely to be" (30, p. 285).

The bottom line is that any business can be vulnerable to consumer rumor and should be alert about its potential for becoming a consumer rumor target.

## Effects of Consumer Rumors on Corporations

Sherry found through his consumer surveys that informants routinely acknowledged changing their consumption patterns in response to legends or rumors in current circulation. Some corporations would have been harmed by the stories while others would have been helped. It could be that negative rumors have a greater effect than positive rumors on purchasing behavior. Negative information has been found to exert a stronger influence on attitudes and purchase intentions than the same or even greater amounts of positive information (34). This stronger influence of negative information was found to be more pronounced for services than for products (34).

Companies that have experienced negative consumer rumors have faced problems ranging from inconvenience to bankruptcy or closure. Very little seems to be published about the effects of positive consumer rumors, such as those that could create a rush to buy corporations' products or services. The following is a list compiled by Ralph Rosnow of major effects that can be caused by negative consumer rumors (36, p. 493). He suggested that, in large companies, consumer rumors may lead to:

1. Considerable time drains on key personnel who must channel their energies into waging anti-rumor campaigns
2. The loss of profits due to stagnant or declining sales
3. Boycotts of products
4. Losses in productivity and declines in employee morale and interdepartmental cooperation
5. Harassment of personnel
6. Destruction of private or company property

Loss of sales and profits caused by consumer rumors can also potentially lead to workforce reductions, stockholder and creditor losses, or diminished value of employee ownership and benefit plans.

In 1978, McDonald's Corporation experienced a rumor episode about its hamburger meat allegedly being made with ground earthworms. About this episode, Doug Timberlake, McDonald's head of Corporate Communications, said, "The [worm] rumor was hitting at the bottom line. It was seriously affecting sales in certain areas, and these kinds of losses could not be sustained for a very long period. The affected franchises were hurting; their operations were getting badly mauled" (23, p. 16). Reports on this case stated that "...McDonald's sales were down by as much as 30% in the areas where the rumor circulated" (50, p. 73) and that business was hurting "...at more than 20% of McDonald's outlets, mostly in the Southeast..." (31, p. 22).

Other rumor episodes have also dramatically affected product sales. Sales for Barton Brands' import beer, Corona Extra, nose-dived in 1987 by as much as 80% in some markets when a rumor circulated that the beer was supposedly contaminated with urine (19). In the following months, even after an advertising campaign to refute the rumor, sales were down by as much as 26% to 34% in Corona's established markets (52).

Besides costing companies sales, rumors can be costly to stamp out. The Life Savers unit of Squibb Corporation spent "...between \$50,000 to \$100,000, mostly on newspaper ads to counter tales [in 1977 in New York City] that Bubble Yum, its bubble-gum product, contained spider eggs or caused cancer" (31, pp. A1, 22). More about how Life Savers fought that rumor is mentioned later.

The research about consumer rumors mostly describes rumors that have happened to large corporations like McDonald's, which are in a better position to withstand rumor episodes. Most of these rumor episodes left the companies intact, albeit with sales losses and unanticipated expenses. When rumors have been associated with the bankruptcy or closure of a company, the rumors have been about the company's bankruptcy potential. For example, a May 1984 rumor alleging impending bankruptcy was very much behind the closure of the Continental Illinois Bank of Chicago, but the bank really was close to bankruptcy anyway (23). Tales of the damage done by consumer rumors to smaller, less prominent companies are not as widely known. Nevertheless, the risk of insolvency caused by consumer rumor is greatest for lesser-funded, smaller companies.



### III. APPROACHES TO CONSUMER RUMOR MANAGEMENT

This section introduces methods for rumor prevention and control that have been identified by rumor researchers as potentially useful. How these methods can be incorporated into corporate communications is discussed in Section IV which follows.

#### Prevention

Ralph Rosnow identified three general principles for rumor control. The first general principle is "...to anticipate events in which anxiety and uncertainty might be optimum for threatening rumors to take hold, and to defuse the situation before damaging consequences develop" (36, p. 493). This counsel to pursue prevention when possible can be followed in four ways suggested by rumor researchers for defusing potential rumor situations. They are: maintaining open communications, creating legal deterrents, increasing awareness about rumors, and attempting rumor inoculation.

Keeping people informed with the facts is believed to be important for preventing possible rumor situations. Rosnow said that it is also important to "...maintain accessible lines of communication and to be open and truthful in responding to people's concerns so as not to breed suspicion and mistrust" (36, p. 493).

Some types of rumor situations arise no matter what because the area is, as Rosnow and Fine described, "perpetually sensitive to the slightest stimulation" (37, p. 110). These areas include "people's basic anxieties such as death, disaster, conspiratorial plots, and racial and national tensions" (13, p. C5). Since these areas do not seem to have solutions for rendering them invulnerable to rumor-telling, it seems that the only preventive step to take against these rumors is to create deterrents such as legal sanctions.

Rumor researchers believe that it is important to inform the public about the nature of rumors and rumormongers to encourage critical faculties for evaluating unsubstantiated or biased information. As Koenig wrote, "People who understand the

dynamics and motivations of the rumor process are far less likely to become involved in irresponsible and destructive hearsay and are more likely to develop a critical mind-set toward rumors" (23, p. 171).

The formation of critical mind-sets is connected to the idea of rumor inoculation, which is believed useful in rumor prevention. This type of inoculation is the attempt to induce resistance to rumor persuasion. It is believed to work by bolstering a person's defenses by exposing them to logical arguments in advance of a rumor attack. This exposure to arguments similar to a rumor's argument may stimulate the production of counterarguments to fight off the actual rumor (37). This form of pre-treatment may be hazardous however, because it is difficult to determine how much inoculation and what arguments would be effective. There also is the danger that the advance arguments might take hold.

True inoculation principles do not seem useful for consumer rumor prevention. Inoculation theory calls for the use of counterargumentation to build consumer defenses against future rumor attacks. For example, imagine that the Coca-Cola company wanted to prevent consumers from believing a false rumor that their colas are potent solvents which dissolve peoples' teeth. Before such a rumor might arise, Coca-Cola would have to inform consumers that, "People may tell you that Coke can dissolve peoples' teeth, but don't you believe it!" Even if the company were to provide detailed scientific studies to the contrary, just the very mention of the possibility could cause consumer anxiety. This kind of counterargumentation does not make for good selling copy. Instead, companies could use logical arguments to convince consumers of how safe or well-made company products are without directly mentioning the potential rumor issue. These messages should serve to arm consumers against statements to the contrary.

### Control

If a rumor prevention strategy fails, Rosnow's second general principle, "...to try to keep rumors from being spread" (36, p. 494) applies. In some cases, however, it is not necessary to do anything about a consumer rumor. When a rumor is one of prediction,

time passing will clear it up with the facts (37). It also may not be worth fighting a rumor that is an expression of disbelief in an innovation. Given time, consumers can come to accept new technologies or products. For example, there was a rumor that Coca-Cola's diet soft drink 'Tab' (a pioneering low-calorie soda) had an 80 calorie content rather than the advertised one calorie (23). Yet, the company did not deem it necessary to fight the rumor, and arguably, today's consumers no longer question the integrity of low-calorie soft drinks. Quite possibly, cellular phones now face the same test of time. The rumor that cellular phone radio waves allegedly cause brain tumors is not supported by current scientific evidence (6, 18). Even so, it may take some time before consumers' anxieties about cellular phones diminish.

The decision between fighting a rumor or ignoring it should be based on the rumor's potential financial impact. How do the costs to the company from ignoring the rumor compare to the costs to refute it? Companies should factor in how these costs might increase should the rumor spread. Hard-to-measure intangible costs, such as damage to the company's reputation or lowered employee morale, should also be considered.

When a company decides to fight a consumer rumor, the four methods to consider for rumor control are: keeping silent, refuting the rumor, outflanking the rumor, and pursuing counterpublicity.

### Keeping Silent

Proponents of keeping silent when threatened by consumer rumor point to potential advantages of not calling attention to the rumor. Silence is thought to help keep rumors from being spread to those who have not heard them. Furthermore, silence seems appropriate when a rumor has the potential to die out by itself without causing long-lasting harm. Even so, doing nothing is not believed to be the best course of action, because then nothing is done to stop the rumor, and a circulated rumor may leave residual damage. Even rumors that become irrelevant or uninteresting may leave residual negative attitudes about the rumor target. In fact, research into information

processing theory has found that "...even when an association [such as one between a rumor and a target] is disbelieved, it may be stored in memory and may influence evaluation" (50, p. 78). Once a rumor is heard the damage can be done. It is better to do everything possible to contain and quell a harmful consumer rumor. That is why prompt, direct refutation of a rumor by a credible source is suggested most often as the best way to combat adverse consumer rumors.

### Refuting The Rumor

Refutation methods directly deny rumor allegations or try to prove them false to minimize their circulation and effect. Regarding rumors about disasters, Rosnow and Fine wrote that these rumors, "...are often stopped by prompt denial from a credible source" (37, p. 44).

The finding that a negative association stored in memory can be harmful regardless of whether the rumor is believed or not is used to support the contention that it might be helpful not to repeat the nature of the rumor while refuting it. However, other research findings suggest that this might not be that critical an issue. Information processing theory research also has demonstrated that refutations that stimulate retrieval of thoughts about a company other than the ones related to the rumor can lessen the negative impact of the rumor's content (23, 50). Refutations that cause the storage of additional but positive associations about the company lessen the impact as well.

Social psychological research regarding inducing resistance to persuasion also has implications for rumor refutation. Research by Percy H. Tannenbaum found that people attempted to reduce the incongruity created when a communication was counter to their original beliefs (46, 47). Therefore, people are believed to alter their opinion of the source of a communication or their original beliefs to reduce incongruity. For example, when a person is told a negative assertion (e.g., a product is bad for you) from a positive source (e.g., your best friend) about a positive concept (e.g., you love that product) this sets up an incongruity. The person could begin to view the source negatively in order to maintain a positive view of the concept, or vice versa. Tannenbaum and other

researchers pursued extensive experimentation which found four procedures that were effective in eliminating or reducing this negative shift in attitude. These four procedures were found to be even more effective when used in combination. They are: "denial of the assertion, derogation of the source, logical refutation of the assertion, and strengthening the original concept through counterargumentation" (37, p. 115). Therefore, the best rumor refutation strategy should be one that incorporates all four of these messages, stimulates retrieval of other thoughts about the company or products, and provides positive associations to counter the rumor's content.

In refuting a rumor, the best media to use are ones that direct the refutation strictly to the community where the rumor is circulating. This could help prevent spread of the rumor to other areas. Geographically, if a rumor is local, then the rumor should be refuted locally. If the rumor goes national, it should be refuted on a nationwide basis. In today's society however, as a result of America's "Great Change," communities can be based on other attachments than locality. For example, online talk group participants can be located around the world, yet they constitute a "community" in that they have similar interests to communicate about. When choosing the proper media to reach a rumor's public, corporations need to consider how communication channels and methods may have changed.

Will additional harm be done if the refutation is misdirected to people who may not have heard the rumor? There is the belief that this can contribute to a rumor's spread. However, Frederick Koenig pointed out that because the rumor is being heard outside of its community of interest and because the rumor is being heard in a refutational format from official sources, there is little impetus for its being believed (23). Also, when someone who hears a consumer rumor is not a product user or an influencer of product users the company should experience no effect.

Denial is not absolutely foolproof for stopping a rumor (37). Some research has shown that direct refutation can backfire because of the "sleeper" and "boomerang" effects previously mentioned (37, 41). The public may believe that the very act of denial is proof that there is an issue behind the rumor. Another difficulty arises when a

company needs to disprove a rumor that is preposterous. What facts can be used to disprove rumors when they are as absurd as "computers are devices of the devil" or there is a miracle product being suppressed? This is why the credibility of the source of information (e.g., the spokesperson or the media) used to deny a rumor is crucial.

There are three key dimensions of source credibility that should contribute toward achieving positive refutation results (37). They are expertness, reliability, and intentions. In other words, it is important that the source be perceived as knowledgeable about the subject, moral, and unbiased or not in a position to profit from the denial. Two lesser factors, the source's dynamism and attractiveness (that is, persuasiveness) could also influence the effectiveness of the denial (37). A denial would be most effective if it were made by the source of the rumor, i.e., the person who transmitted the rumor (47).

### Outflanking The Rumor

Outflanking the rumor is rebuttal of the rumor without repeating the rumor allegation. This method is the attempt to use, as public relations author Donald Blohowiak described, "...a credible, positive message to outweigh one that's obviously farfetched" (4, p. 150). The rebuttal addresses the content area of the rumor allegation but not the allegation itself. McDonald's successfully used an outflanking strategy to end its 1978 earthworm rumor. The company held a national press conference to deny using "protein additives," then followed it up with an advertising campaign highlighting the use of 100% beef in its hamburgers. The company avoided any mention of the specific rumor allegation or the word "worm" in its rebuttal (23).

Proponents of the outflanking method like it for how it does not call attention to the actual rumor or further broadcast the rumor. Opponents argue that it is not nearly as effective at stopping a rumor as direct refutation. However, it seems that since outflanking is a form of counterargumentation, the strategy should be helpful toward combatting rumors, but it may not be best to rely on this strategy alone. The effectiveness of the outflanking strategy could be increased, as McDonald's did, by combining it with other procedures that help reduce negative attitude shifts. The

messages used in outflanking maneuvers also would be suitable for inoculation (rumor prevention).

### Pursuing Counterpublicity

The last method suggested for combatting rumors is counterpublicity. This is a form of outflanking in which the rebuttal concerns a content area other than the one covered by the rumor allegation. As with outflanking, this form of rumor control would more appropriately be used in maintaining goodwill and positive public relations for preventing a rumor attack or for combatting any residual impact a rumor might have.

### Aftermath of Rumors

If rumors take hold and spread, Rosnow's third general principle recommends trying to minimize the damage they can do. If the source of the rumor is known, legal action can be taken for monetary or punitive compensation. Companies can use their marketing communications to counteract negative associations that have developed about the company or product. Unfortunately, it can take some time to repair a damaged corporate image and there is always the possibility that a rumor's message may never be fully cleared from the public's memory.

As of 1991, Ralph Rosnow said that "the art of rumor control is still largely based on common sense rather than on both data and theory" (36, p. 494). When it comes to rumor management, the research has only given a guideline for what companies should do. Whatever specific actions a company should take depend on that company's individual situation.

## IV. CORPORATE COMMUNICATIONS AND CONSUMER RUMORS

As was shown in the synopsis of rumor management methods, corporate communications are the basis for the prevention, if possible, and combatting, if

necessary, of consumer rumor problems. This section describes how corporations can plan for the prevention and management of consumer rumors. It also discusses how to create communications to combat unwanted consumer rumors.

There have not been many controlled studies (i.e., experiments) done on consumer rumor management. Much that is recommended for consumer rumor prevention and control is based on anecdotal evidence. This section tries to bridge the gap somewhat by presenting recommendations for corporate rumor management based on the previously described research findings relevant to the rumor phenomenon.

### Consumer Rumor as a Crisis Management Policy Consideration

Harmful consumer rumors are one of many different kinds of corporate crises that can occur. They should be considered along with other crises, such as product defects, industrial accidents, and labor strikes, when corporations make plans for corporate crises. Companies should be aware that other crisis situations can produce a rumor situation as well. Every company needs to evaluate its individual circumstance and determine what it should do to prepare for consumer rumors.

### Evaluating The Risk

Some companies may have a greater risk for consumer rumors than others, but the possibility should never be dismissed. Even though there is the belief that consumer rumors happen only to large companies that do not keep in touch with their publics, any company can become a consumer rumor target. It would be a mistake to think otherwise. In response to Thomas J. Steele's survey of corporate rumor management practices, an executive from the public relations department of the Kemper Group said, "The nature of our product--insurance and financial services--doesn't lend itself as easily to Satan or earthworms" (44). The company had not experienced a consumer rumor thus far and did not have a plan in place to combat one. However, a rumor that surfaced in England in 1989 shows that financial services can easily become part of a consumer rumor. The rumor stated that McDonald's Corporation, the hamburger chain, was a financial



supporter of the Irish Republican Army (IRA) and therefore, terrorism (28). This false rumor came about because of someone's misunderstanding when a Cable News Network financial program reported that McDonald's was notable for its generosity in contributing to its employees' individual retirement accounts (IRAs)! No matter what business a company is in--financial services, insurance, or even power generation--the company's actions or communications can just as easily be misconstrued.

Companies should determine which types of rumors could ever surface regarding their corporation, products, or services. Then they should evaluate the likelihood of each possible consumer rumor happening and what its effects might be.

### Planning Accordingly

After determining the potential risks and outcomes of consumer rumors, the company can perform an expected value analysis to evaluate what level of preparedness would be the most cost effective. In this analysis, the company should estimate and weigh the costs of potential consumer rumors to the company versus the costs of attempting to prevent them. The risk probability of a consumer rumor for a company ranges from low to high, but probably is never zero, and the cost of a rumor's consequences also ranges from low to high. In estimating the cost of the negative publicity that a consumer rumor can create, it is important to remember that "just one incidence of negative publicity can cancel the positive benefits of years of carefully planned and executed marketing efforts" (34, p. 9).

For companies whose projected risk probabilities are high for rumors that have high cost consequences, there is a level of expenditure for rumor prevention that would be worth it. When the cost of the consequences of a rumor is low, no matter what the projected probability of risk for the rumor, there probably would be little benefit in pursuing a costly program dedicated to rumor prevention. Instead, companies can use some of the tactics for rumor prevention covered in the next section, which need not add any cost to their marketing function. All that some prevention tactics require is a shift in focus for programmed marketing communications.

Simply being aware of the consumer rumor phenomenon and knowing how to combat a damaging rumor may be ample preparation for many companies. In fact, the threat of consumer rumor seems to be too small a crisis factor for many companies to make prevention a necessity. Steele's survey found that the companies with specific plans in place for managing a consumer rumor as a corporate crisis were mostly the ones that had already had a rumor episode (44). Of the companies that had not experienced a rumor problem, only 21% had a contingency plan for rumor control. It is not known whether the other 79% of companies that had not had a rumor problem had evaluated their risk for consumer rumor before deciding that no plan was necessary. It could turn out that some of these companies will find themselves unprepared if a crisis should arise.

Fortunately for companies with no specific plans for managing consumer rumors, other crisis management mechanisms they may have developed, such as employee and media communications plans, could be useful when combatting consumer rumors. Likewise, managing the corporate image, building the public's trust, and practicing socially and politically responsible management are fundamental to consumer rumor prevention.

### Communications For Consumer Rumor Prevention

For companies that find their expected value analysis is favorable for adopting a consumer rumor prevention program, incorporating the following five practices into the corporate communications function should reduce the risk of rumor. These practices are based on the methods presented previously that are believed useful in rumor prevention:

1. Recognize situations when consumer fears may be raised and attempt to defuse the situation. Fears may be raised especially during new product or technology introductions. For example, when Microsoft Corporation introduced its Windows 95 software in August 1995, consumer rumors surfaced about surreptitious surveillance by the company (14). With consumers currently anxious about maintaining personal privacy (25), consumer expressions of fear about Microsoft's over-the-phonelines-into-your-computer troubleshooting capability were predictable. Microsoft's public

relations staff is having a hard time killing this conspiracy rumor with repeated denials. In spite of the rumor, Windows 95 introductory sales were brisk (11, 26).

Companies can help reduce such consumer anxiety in advance by fulfilling consumers' needs for security and information and by attempting to assuage their fears. As discussed earlier, other times when anxieties can be raised include, for example: when companies have great power in their markets, when economic times are stressful, or when there are product scarcities.

The primary method recommended for defusing potential rumor situations is to maintain open and honest communications with consumers. Consumer hotlines are an important tool for doing this. Hotlines provide a quick way for companies to gauge and address consumer concerns. Companies can use focus groups at regular intervals to find out what is circulating about the company and its products. Any findings about consumer concerns can be used to develop marketing communications strategies that also serve to reduce consumer anxieties.

2. Companies can attempt to inoculate the public to potential consumer rumors. Consumers' defenses are bolstered by informing them about the positive qualities of a company and its products. Publicity has generally been used to create favorable identities for companies and their products, but inoculation requires that advertising messages do the same. By integrating a public relations function into corporate advertising, companies can use advertising to build public support as well as to sell.

3. Companies can diminish the potential for consumer misunderstandings by using clear language and by defining the terms used in communications.

4. Companies can let it be known that they stand ready to pursue legal remedy in cases of malicious rumormongering. This could serve as a deterrent to participation in consumer rumor.

5. Most importantly, companies can foster the public's trust. Since the sense that a company is "detached" from consumers can be an important factor in the development

of consumer rumors, corporations should develop positive connections to the public. A corporation can do this by proving through everything that it does that it is concerned about the well-being of consumers. It also can reveal its personal side by avoiding institutional manners and language, and by making its processes visible to consumers. Plant tours can be an effective tactic for demystifying a company and its products. Unfortunately, in this litigious era, plant tours may pose too much of a liability for some companies. Finally, it is important for the company to make sure that the public is aware of its social contribution. Having the public's trust should not only help prevent consumer rumors, but also contribute to a corporation's credibility should it ever need to squelch a rumor attack.

### **Communications for Consumer Rumor Control**

Resolution of a consumer rumor problem relies primarily, as rumor prevention does, on communications management. The selection and implementation of an anti-rumor communications strategy will determine the success of the outcome. The objectives of a rumor control communications strategy are to contain the rumor and ultimately, to end it. The following suggestions should help companies to develop effective anti-rumor campaigns:

1. Before anything else, a company should quickly research the extent and nature of its consumer rumor. The company can use its agents, such as consumer affairs staff and sales representatives, to ask contacts in the marketplace if anything is being said about the company or its products, and if so what. The company needs to find out the nature of the rumor and the network through which it is spreading. Who is spreading the rumor and why is it being spread? This information about the rumor's participants and content is necessary for developing campaign details.

The campaign's budget will be determined by whatever it will take to end the rumor. Once a company decides to fight a rumor, it cannot afford to fail. The campaign's time schedule will be "as soon as possible" because no time should be wasted

when fighting consumer rumor. The company has the most discretion when it comes to selecting the right media and message for fighting the rumor.

2. Whether the rumor is isolated or widespread, the company must select media that reach the rumor's community of interest, and particularly, its influential leaders. The importance of this is shown by what happened after a rumor episode in New York City for the Life Saver's Company. The company conducted an all-out attack to combat a rumor in 1977 that the company's innovative, new soft chewing gum, Bubble Yum, contained spider eggs. It sought publicity, inserted full-page newspaper ads, and sent letters with a copy of the ad to the city's PTA groups, school principals, and retail outlets (23). The campaign successfully stopped the rumor, but Bubble Yum's New York sales did not recover for many years. It turns out that even though the company had blanketed the city with its rumor denial, it never spoke directly to product users, the school-age children, to bolster confidence in the product. The selection of inappropriate media makes the refutation message miss the rumor's public allowing the rumor to continue to spread or delaying recovery from the rumor.

3. The company should use direct refutation by a credible source. It is not enough to provide fact upon fact; it is important to consider the affective dimension of the rumor as well. The refutation should be sensitive to consumer needs to help reduce motivation for the rumor's spread. At the level of the individual, since spreading rumor can be an effort after status, showing that belief in the rumor is foolish by derogating the rumor source will help to counteract the positive ego aspects for rumor participants. At the societal level, since consumer rumor can be an adaptive strategy, the company should address consumer concerns that are being expressed when developing the anti-rumor message.

Rumor researchers now believe that it is important to attempt to reduce the underlying consumer anxieties before refuting a rumor (37, 41). Sherry suggested that, "A possible strategy would be to acknowledge the consumer's fear while dramatically portraying its groundlessness in any given instance" (41, p. 7). Microsoft's difficulty in

killing off its Windows 95 computer snooping rumor could be the result of the company's denials not addressing consumers' concerns about privacy and security.

In a way, Sherry denounced conventional, reactive anti-rumor marketing strategies for treating the rumor (a symptom) rather than its cause (41). Yet this is simply one more facet of the consumer rumor phenomenon. There is only so much that one business can do to calm consumer anxiety on the whole. To lessen some of consumers' anxieties would require great social change. That could not take place in a time frame favorable to today's rumor-struck company. All that a company can do is try to create enough anxiety reduction so that its own refutation can be accepted.

There are two types of refutations that a company can use: those that *say* the rumor is "not true" and those that *prove* the rumor is not true using evidence. The effectiveness of the first type, the straight denial, depends on the public's having trust in the company. The second type, the supported denial, may be able to overcome a lack of public trust through incontrovertible evidence. Both refutations would require high source credibility to be believed.

The choice between the straight or supported denial is a matter of circumstance. A company should support its denial when it is able to do so. In some cases, for example, when a rumor allegation is farfetched, a company will not be able to provide evidence to the contrary. In Microsoft's case, how can it prove that it is not spying into computer files? By default Microsoft has to hope the company will be believed when it denies this rumor.

That Microsoft's rumor continues to circulate demonstrates that denial is not foolproof. When the public does not believe an act of denial, that suggests there are issues behind the rumor. Along with its denial not addressing underlying consumer issues, Microsoft's denial counts on a public trust that does not seem to be there. So far, the public has been exposed mostly to publicity about Microsoft's power in the marketplace and massive profit-making. Microsoft's social contributions are not very well known either.

4. When fighting a consumer rumor, a company should enlist consumer word-of-mouth communication because of its credibility, strength, and speed. When consumers speak with one another there is a two-way flow, an exchange of ideas, that reinforces messages. By asking consumers to pass on the information that clears up the misunderstanding, the company gets more help in putting an end to the rumor.

5. The company should help consumers remember positive thoughts about the rumor target. Stimulating these positive thoughts should lessen the impact of the negative publicity and help the company recover from the rumor episode.

6. If the attempt to kill a rumor is successful, the company can use communications afterward to lessen or remove any residual impact of the rumor. The company can continue on with a marketing campaign, but should review the campaign for appropriateness considering the rumor episode.

## V. CONCLUSION

Consumer rumor crises can be complicated and confusing, costly and dangerous. Common sense alone is not enough for managing in these situations. A corporation's prevention and control strategies should be developed based on an understanding of the motivations and purposes for consumer rumors. By knowing more about consumer rumors, corporate executives will be better able to evaluate and plan for them in an overall crisis management program.

In 1990, Business Week reported how rumor control is a growth industry and that the focus has shifted from repairing the corporate image after damage has occurred to preventing consumer rumor problems (22). It only makes sense for companies to try to prevent negative consumer rumors given the problems they can cause. Rather than rushing to adopt a prevention program though, companies should take specific preventive action only when the potential cost and risk of a negative consumer rumor are high.

The importance of good corporate image management in the prevention and control of consumer rumors should be recognized since public confidence appears to play a key role in rumor control. Even without a rumor management plan, corporations can conduct their affairs in such a fashion as to minimize the risk of rumors developing about their company, products, or services. Keeping in touch with their publics and keeping alert and responsive to possible rumor situations are the two main ways that corporations can do this. With a greater understanding of consumer rumors, executives can develop corporate communications for positively influencing their publics that provide the added bonus of reducing the threat from consumer rumor.

## VI. DIRECTIONS FOR FUTURE RESEARCH

Having the public's trust, in theory, contributes to a corporation's credibility should it ever need to squelch a rumor attack. It would be interesting to test this idea in future research on consumer rumors. If two groups, one in support of a company and one against, were exposed to a consumer rumor, then the company's refutation--would the groups' differing measures of trust influence their belief of the rumor or response to the refutation?



## VII. WORKS CONSULTED

1. Allport, Gordon W. and Leo Postman, "An Analysis of Rumor," Public Opinion Quarterly 10, 1946, pp. 501-517.
2. \_\_\_\_, The Psychology of Rumor, Henry Holt & Co., New York, 1946.
3. Banerjee, Abhijit V., "The Economics of Rumours," The Review of Economic Studies, 1993, pp. 309-327.
4. Blohowiak, Donald W., No Comment!, Praeger Publishers, New York, 1987, 221 pp.
5. "Bug and Boo!", Wall Street Journal, November 31, 1991, p. A1.
6. "Cellular Phone Use Included In Upcoming Study of Brain Tumor Risks," National Cancer Institute, [http://www.isy.liu.se/~tegen/NCI\\_Cell Telephones](http://www.isy.liu.se/~tegen/NCI_Cell%20Telephones), October 1995.
7. Chan, Terry and Peter van der Linden, "Frequently Asked Questions (FAQ) List," alt.folklore.urban Usenet Group, May 5, 1995.
8. Critical Issues in Public Relations, Hill and Knowlton Executives, Prentice Hall, Inc., Englewood Cliffs, NJ, 1975, 234 pp.
9. Fine, Gary Alan, "The Kentucky Fried Rat: Legends and Modern Society," Journal of the Folklore Institute, 1980, pp. 222-243.
10. \_\_\_\_, "Redemption Rumors: Mercantile Legends and Corporate Beneficence," Journal of American Folklore, Apr.-June 1986, pp. 208-221.
11. Fisher, Lawrence M., "Earnings Up 58% in Quarter for Microsoft," The New York Times, October 18, 1995, p. C1, col. 5.
12. Freedman, Alix M., "Rumor Turns Fantasy Into Bad Dream," The Wall Street Journal, May 10, 1991, pp. B1, B5.
13. Goleman, Daniel, "Anatomy of a Rumor: It Flies on Fear," The New York Times, June 4, 1991, p. C1.
14. Gomes, Lee, "Snooping Rumors About Win 95 Won't Die," The Missoulian, August 21, 1995, p. B2.
15. Gove, Philip B. (Editor), et al., Webster's Third New International Dictionary, (Unabridged), Merriam-Webster Inc., Springfield, Massachusetts, 1986.

## VII. WORKS CONSULTED (Cont.)

16. Gray, Jr., James G., Managing the Corporate Image: The Key to Public Trust, Quorum Books, Westport, Connecticut, 1986, 164 pp.
17. Gross, Amy E., "How Popeyes and Reebok Confronted Product Rumors," Adweek's Marketing Week, October 22, 1990, pp. 27(2).
18. Hafemeister, David, "Background Paper on Powerline Fields and Public Health," California Polytechnic State University, May 8, 1995.
19. Hume, Scott, "Corona Fights Bad-Beer Rumors," Advertising Age, August 3, 1987, p. 6(1).
20. Irving, John, [Review of Allport and Postman's The Psychology of Rumor], Public Opinion Quarterly 11, 1947, pp. 617-622.
21. Kapferer, Jean-Noel, "How Rumors Are Born," Society, July-August 1992, pp. 53(8).
22. "Killing a Rumor Before It Kills a Company," Business Week, December 24, 1990, p. 23(1).
23. Koenig, Fredrick W., Rumor in the Marketplace, Auburn House Publishing Company, Dover, Massachusetts, 1985, 180 pp.
24. Leo, John, "Psst! Wait Till You Hear This; A Scholar Says Rumors Reveal Our Fears and Desires," Time, March 16, 1987, p. 76(1).
25. Loro, Laura, "Privacy Concerns Have Consumers Guarding Data," Advertising Age, December 11, 1995, p. 40.
26. Markoff, John, "Sales Seem Brisk As Windows 95 Hits The Shelves," The New York Times, August 25, 1995, p. C1, col. 6.
27. Marquis, Harold H., The Changing Corporate Image, American Management Association, Inc., 1970, 231 pp.
28. "McMistake," The Economist, November 25, 1989, p. 29(1).
29. Mishra, Jitendra, "Managing the Grapevine," Public Personnel Management, Summer 1990, pp. 213-228.
30. Mitroff, Ian I., Paul Shrivastava and Firdaus Udwardia, "Effective Crisis Management," Executive, November, 1987, pp. 283-291.

## VII. WORKS CONSULTED (Cont.)

31. Montgomery, Jim, "Rumor-Plagued Firms Use Various Strategies to Keep Damage Low," The Wall Street Journal, Feb. 6, 1979, pp. A1, A22.
32. "A 'Not In My Back Yard' Phone Fight," San Francisco Chronicle, March 2, 1995, p. A1.
33. Pinsdorf, Marion K., Communicating When Your Company Is Under Siege: Surviving Public Crisis, D. C. Heath and Company, Lexington, Massachusetts, 1987, 171 pp.
34. Reidenbach, R. Eric, Troy A. Festervand and Michael MacWilliam, "Effective Corporate Response to Negative Publicity," Business, College of Business Administration, Georgia State University, Atlanta, Georgia, October-December 1987, pp. 9-17.
35. Rosnow, Ralph L., "Rumor as Communication: A Contextualist Approach," Journal of Communication, Winter 1988, pp. 12-28.
36. \_\_\_\_, "Inside Rumor: A Personal Journey," American Psychologist, May 1991, pp. 484-496.
37. Rosnow, Ralph L. and Gary Alan Fine, Rumor and Gossip, Elsevier Scientific Publishing Company, New York, 1976, 166 pp.
38. Ross, Robert D., The Management of Public Relations: Analysis and Planning External Relations, John Wiley & Sons, New York, 1977, 274 pp.
39. Sauerhaft, Stan and Chris Atkins, Image Wars: Protecting Your Company When There's No Place To Hide, John Wiley & Sons, New York, 1989, 246 pp.
40. Selame, Elinor and Joe Selame, The Company Image: Building Your Identity and Influence in the Marketplace, John Wiley & Sons, New York, 1988, 230 pp.
41. Sherry, Jr., John F., "Some Implications of Consumer Oral Tradition for Reactive Marketing," Advances in Consumer Research, Association for Consumer Research, Ann Arbor, Michigan, 1984, 8 pp.
42. Snyder, Adam, "Do Boycotts Work?," Adweek's Marketing Week, April 8, 1991, pp. 16-18.
43. "Sour Episode For a Cult Brew," Time, August 10, 1987, p. 36(1).

## VII. WORKS CONSULTED (Cont.)

44. Steele, Thomas J., [Corporate Consumer Rumor Management Practices], unpublished survey data, The University of Montana, Missoula, 1987.
45. Strnad, Patricia, "Gerber Ignores 'Tylenol Textbook'," Advertising Age, March 10, 1986, pp. 3, 102.
46. Tannenbaum, Percy H., "Initial Attitude Toward Source and Concept as Factors in Attitude Change Through Communication," Public Opinion Quarterly 20, 1956, pp. 413-425.
47. \_\_\_\_, "The Congruity Principle Revisited: Studies in the Reduction, Induction, and Generalization of Persuasion," Advances in Experimental Social Psychological Research 3, Academic Press, New York, 1967, pp. 271-320.
48. The Corporation and Its Publics, John W. Riley, Jr., Editor, John Wiley & Sons, New York, 1963, 195 pp.
49. "Today's Conditions Make U.S. 'Ripe For The Rumor Mill'," U.S. News & World Report, December 6, 1982, p. 42(1).
50. Tybout, Alice, Bobby Calder and Brian Sternthal, "Using Information Processing Theory to Design Effective Marketing Strategies," Journal of Marketing Strategies, February 1981, pp. 73-79.
51. Wilkie, William L., Consumer Behavior, John Wiley & Sons, New York, 1986.
52. Winters, Patricia, "Imported Beer Sales Going Flat," Advertising Age, August 15, 1988, pp. 3, 61.