Reputation Management: A Case Study of Abercrombie & Fitch

Isabel Koehler

Strategic Communications
Elon University

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Abstract
In 2013, clothing company Abercrombie & Fitch received considerable public attention for exclusionary remarks attributed to CEO Mike Jeffries. The company was accused of discriminating against overweight women based on its refusal to sell sizes larger than 10. This incident of perceived discrimination became widely circulated due to media coverage of the story and the role of the company’s CEO. Instead of following the successful Redressive Actions Framework, Abercrombie & Fitch utilized a more submissive approach that was widely seen as ineffective. This case study found Abercrombie & Fitch failed to address its consumers appropriately and suffered reputation loss, contributing to a decline in stock prices.

I. Introduction
Reputation management is a subject that has existed within the field of public relations since the mid-1980s. Corporate reputation has become an increasingly important aspect in a company’s strategic plan. As a result, companies, as well as individual employees, need to act ethically to preserve their positive brand image. “It is the job of every employee to protect and enhance their company’s reputation. Organizations are therefore increasingly regarding their employees as vital corporate assets in forming and sustaining a favorable corporate reputation” (Gotsi & Wilson, 2001, p. 99-104). This puts a great deal of pressure on employees, especially high-ranking professionals, such as the chief executive officer (CEO). Organizations need to be prepared for how to respond if a crisis occurs, so they can quickly handle the issue and ensure that its reputation is not tarnished, especially in the long term.

This case study compared the reputation management plans of the clothing company Abercrombie & Fitch against a known reputation framework created by Ronald Sims (2009). The study examined how Abercrombie & Fitch responded to a crisis by focusing on redressive actions, otherwise known as reparation strategies. These are, in essence, the measures a company takes to ensure that its reputation is not permanently damaged. This study assessed whether the approaches utilized by Abercrombie & Fitch were effective or not.

II. Literature Review
Organizations have different strategies to communicate with their audiences, depending on the situation. Public relations (PR) is one occupation that “not only tries to interpret an organization to its publics but
also the public mind to the organization concerned” (Kaul, 1968, p. M-61). This two-way communication allows for direct engagement between the company and the public, which benefits the company in a variety of ways. After receiving feedback, organizations are able to address concerns that the public may have, as well as use that input to make necessary improvements. To adequately tackle these responsibilities, PR divides its broad domain into multiple categories, one of which is reputation management, which includes crisis communications. This field focuses on the “issue of rebuilding an organization’s reputation following an ethical scandal” (Sims, 2009, p. 453).

A strong reputation is vital in business, especially when it can lead to greater successes in the form of more revenue, respect, and attention. Brown (2010) stated, “It is a form of social capital that now appears on balance sheets as a tangible asset, on CVs and resumes as references, and on websites and sales brochures as customer testimonials” (p.56-64). Nonetheless, companies frequently make mistakes that can significantly damage the way they are perceived, leading to long-term consequences, such as negative public opinion and financial loss. To avoid this pitfall, companies hire experts and form teams whose purpose is to respond to scandals and begin the recovery process.

According to a study conducted by Davies and Miles (1998), “Reputation was presented to respondents as having three facets: personality (what the organization really is), identity (what it says it is) and image (what people see it as)” (p.18). Image can be used interchangeably with reputation itself when Sims (2009) stated, “Reputation is formed by the beliefs that people hold about an organization based upon their experience with it, their relationship to it, and their knowledge gained through word of mouth or mass media” (p. 454). Therefore, an organization must protect its reputation by remaining ethical in the eyes of its audience. This proves to be a challenge for companies as stakeholders’ concerns can change drastically over time “as do the norms and values of society” (Holden, Adnan, Browne, & Wilhelmij, 2001, p. 20). What’s considered acceptable at one point can be seen as outrageous after a few years. Unfortunately, entire companies are unable to modify their mission as quickly as people transform their views. Although organizations may initially experience backlash due to a damaged reputation, they can return to the public’s good graces by creating an effective response. In fact, “how corporations and their leaders respond after a scandal occurs is particularly important in determining how long-lasting and pervasive the impact of a scandal will be on a firm’s reputation” (Sims, 2009, p. 455).

Over the years scholars have created numerous frameworks for management professionals to follow after a crisis, one of which is known as “Redressive Actions.” Scholar Victor Turner defined this term as an “action that is intended to limit the breach and its impact of the crisis with ‘certain adjustive and redressive mechanisms” (Sims, 2009, p. 456).

In order to make a lasting repair on a company’s reputation, there are a few general steps to follow. Organizations need to carefully choose the language in which they communicate and ensure that rebuilding plans are in place before the damage is permanent. These strategies can vary; however, more recently, organizations have decided to use social media as a platform for reparation and communication. This is a deliberate move by the institutions, which consider that a large percentage of the audience is involved in some form of social channel. “It is no longer a matter of whether a company should utilize social media to communicate with audiences, but rather how and with what platforms” (Walaski, 2013, p. 40). There are three core principles to consider when maintaining a successful social media presence during a time of crisis: the message, the channel, and the frequency. When discussing the message, it is important to remember that it is not just the words that matter, but also that the content is conveyed to the targeted audiences. This requires organizations to be aware of what channels their audience use most. In order to be informed, the management team should conduct research prior to their predicament, and they should already have a social media platform in place. In other words, "effective use requires advance planning, a targeted approach and a bit of legwork" (Walaski, 2013, p.44). Further proof of this can be illustrated when looking at an organization’s credibility. A company should regularly cultivate communication with its audiences to earn trust before any ethical concerns are raised. “Trust and credibility can be established through pre-crisis audience identification, identifying the platforms they are using and engaging in those platforms to build relationships and rapport” (Walaski, 2013, p. 45). The longer an organization networks with its publics, the better it understands whom it is reaching. The channels a company uses to send the message through can also play a large role in fixing a calamity. Brands often have a sizable following of loyal customers that frequent different channels. Since organizations often have extensive knowledge of their audiences, it will be easy for them to determine what messages should be sent to which channels. “Different audiences have different expectations in terms of content and frequency. If
an organization understands these expectations in advance and is prepared to meet them, it will be better able to reinforce a positive reputation” (Walaski, 2013, p. 45). Facebook is a common networking site that will be discussed further in regards to how Abercrombie & Fitch utilized this medium.

Facebook, Instagram, and Twitter consistently serve as the three most popular social media platforms; each medium engages the audience in differing ways. While most media utilize visual and written forms of communication, Facebook is unique in that it also uses sharing and interactive communication. This distinctive quality ensures that Facebook dominates other platforms. The original purpose of these channels altered as their followers increased. In the past, these forums were used to sell products; however, currently, consumers look to such sites for the majority of their information. Therefore, any negative comment or photo posted on these channels about a product or service can reach millions of people and affect their opinions, thus social media can clearly play a large role in a company’s reputation.

The specific focus on reputation framework in this study includes leadership and redressive action. This is important for the purpose of this paper because leadership played a role in the negative public opinion of Abercrombie & Fitch. The first step involves how a leader reacts to a crisis internally. This can often mean eliminating members of the team who do not align with the company’s core values. When a company’s ethical behavior is brought into question, leaders have the opportunity to clarify the organization’s internally and externally values. The second step to tackle a reputation crisis is to directly engage and address the issue. This can be accomplished by crafting new policies, thus preventing the same problem from reoccurring. Thirdly, organizations should look toward role modeling as a way to improve reputation. Employees and the public alike look at how managers deal with unethical behavior. If they simply talk about fixing the problem, but never act on the issue, workers are likely to follow this lead, and the organization will continue to be portrayed in a negative light. The next step in mending an institutions character is the allocation of rewards. Sims (2009) explained, “To ensure that new or specific values are accepted post-ethical scandals an organization’s redressive actions must reward behavior that is consistent with these values” (p. 461). Essentially, a company needs to habitually reward good behavior and penalize poor behavior. Finally, a powerful way to rebuild a reputation is by selecting new members to lead the organization in a positive direction. These five criteria are long-term solutions proposed to appease the public and reinstate a positive image of the company. Analysis of Abercrombie & Fitch showed whether it utilized this model, and if not, how it went about fixing its image.

Background

Abercrombie & Fitch has been a well-known retail-clothing store for more than a century. However, since its inception in 1892, the brand image has changed drastically. Under the direction of David T. Abercrombie, the company was widely recognized as a store for hunting and fishing equipment. Through the 1960s, the company was largely successful. Unfortunately, its success did not last and the company was forced to file for bankruptcy, leaving it open for new management. In 1988, Limited Brands Inc. took over and hired new CEO Mike Jeffries. Under his leadership, the merchandise became preppy and the brand finally found a niche. Jeffries ensured that the company remained on-trend, constantly updating its merchandise to fit customers wants. According to a survey, “In the early 2000’s Abercrombie & Fitch was voted the sixth most popular brand by teenagers” (Lepore, 2011). Now Abercrombie & Fitch is considered to be a high quality All-American clothing store that targets teenagers. Over the past several years, customers' perception of the company has changed. What was once viewed as a popular clothing chain is now stale and notorious for multiple scandals; the most significant being its refusal to sell clothing for large women.

As Abercrombie & Fitch’s publicity grew, the company began to experience more lawsuits. In 2004, negative attention was drawn to the company for its discriminatory hiring practices. The store was accused of employing sorority and fraternity type men and women, even if other applicants of various backgrounds were just as, if not more, qualified. This subject was broached again when a Muslim woman, Hani Khan, accused Abercrombie & Fitch of firing her based on physical appearance. Khan allegedly “had been allowed to wear a hijab that matched the company’s colors until a district manager visited the store in February 2010 and saw her for the first time in a hijab. Khan was fired soon after” (“Abercrombie & Fitch pays,” 2013). This case was resolved with compensatory charges as well as a policy change that allowed employees to wear religious garments.

The example above is only one of the many that portrays the company’s obsession with superficial factors, such as what employees are wearing. As the pressure to maintain their popular status amongst
customers increased, so did the company's desire to stay “cool.” As a result, the company practiced many exclusionary policies, apparently believing that hiring only attractive workers would draw attractive clientele. Jeffries stated, “That’s why we hire good-looking people in our stores. Because good-looking people attract other good-looking people, and we want to market to cool, good-looking people. We don’t market to anyone other than that” (Schlossberg, 2016). This strategy may have worked at one point; however, people’s opinions have changed. Thus in 2013, when a previous interview with Jeffries hosted by SALON.com was leaked, the brand’s customers were not as forgiving. The details of this meeting were brought to the public eye after ABC published a story stating that the company did not make large sizes for women. Jeffries’ comments infuriated the public and led to a large crisis where the company’s reputation was brought into question.

The study asked one research question: Was Abercrombie & Fitch effective in reputation management based on Sims’ Redressive Actions framework?

III. Methods

This study examined a timeline that illustrates how Abercrombie & Fitch responded to a crisis that negatively affected its reputation.

The timeline, as shown in Figure 1, portrays all the key events that occurred within the period of a year. The top portion indicates how the press reacted to the scandal, while the bottom one reveals how the company replied to the audience, and in turn the crisis. This juxtaposition demonstrates the direct relationship between press coverage and company responses. An organization’s reputation is extremely important to ensure financial success. Media sources can greatly affect the public opinion; therefore, if coverage continues to be negative, it may make recovery harder. With this in mind, it might be expected that Abercrombie & Fitch should react in a way that will produce positive feedback and satisfy the public.

Figure 1. Timeline illustrating how Abercrombie & Fitch responded to a crisis
This paper examined whether Abercrombie & Fitch utilized an effective reputation management plan by comparing it with the Redressive Actions framework outlined by Sims (2009). The five concepts within this framework include the company and leader reacting to the crisis, engaging in the crisis, setting a tone for the crisis, rewarding affirmative behavior demonstrated after the crisis, and replacing key players involved in the crisis. Throughout history various companies have followed these criteria and consequently mended their reputation. This study operationalized these concepts as follows:

- **Leadership reaction**: eliminate members for value differences
- **Engagement**: address issues with action
- **Setting a tone**: maintain model teams that act exemplary
- **Reward allocations**: reward model behavior and punish bad behavior
- **Replacement of key players**: select newcomers to influence the organization

This paper is a qualitative discussion of an organizational crisis through the lens of reputation management.

**IV. Findings**

In Figure 1, the events of this crisis are grouped and divided into four separate stages: introduction, consumer response, company action, and resolution. The various colors in Figure 1 displays the association between the events and the stages.

**Introduction to crisis**

The first point in the timeline describes how the scandal was initially exposed to the public by press coverage. On May 3, 2013, Business Insider reporter Ashley Lutz published a story that shed light on the fact that the company does not sell women’s clothes in sizes XL or XXL because “they don’t want overweight women wearing their brand” (Lutz, 2013). Lutz also uncovered details from a 2006 interview where Jeffries made similar remarks about exclusionary practices.

> In every school there are the cool and popular kids, and then there are the not-so-cool kids... candidly, we go after the cool kids. We go after the attractive all-American kid with a great attitude and a lot of friends. A lot of people don’t belong [in our clothes], and they can’t belong. Are we exclusionary? Absolutely. (Lutz, 2013)

These comments from Jeffries and the lack of large sizes caused an outrage among the public and marked the beginning of the crisis. Originally, Abercrombie & Fitch chose to respond to these verbal assaults by using the corporate silence approach. This entails that the company ‘aimed at avoiding organizational ‘ownership’ of the reputational threats’ by not making any comments (Heugens, van Riel, & van den Bosch, 2004, p.1373). Although, to outsiders, this tactic may be construed as avoidance, it is actually a well thought-out plan that attempts to prevent association between a crisis and an organization. Other organizations, such as Chipotle, have successfully implemented corporate silence, claiming that it did not want to comment on a well-publicized health scandal until every detail was confirmed. Because Abercrombie & Fitch is a clothing company, its silence cannot be explained away as easily; the published comments do not need further verification.

**Consumer Response**

The public largely perceived Abercrombie & Fitch’s silence as lack of caring and persisted in protesting. The second grouping, consumer response, gives two examples of how the public reacted to the scandal, and in turn, how the company replied to the public. Some accused Abercrombie & Fitch of intentionally leaving out certain segments of the population. This incident blew up into a widely known
scandal. Some observers began putting together protests and petitions to illustrate how this brand was affecting teens. On May 9, 2013, 18-year-old Benjamin O’Keefe created a petition on change.org that called for a boycott of the company until Jeffries apologized and sold larger sizes. His petition obtained almost 80,000 signatures, by strategically using emotion to induce action. On May 19, 2013, Jeffries responded and posted an apology on Facebook.

This apology was one attempt at reputation management. To further spread the word, the company put a link to this comment on Twitter. With a perceived lack of sincerity behind the words, some did not take Jeffries’ excuse to heart, and continued to lash out on Facebook. Multiple followers acted in disbelief; Vicky Ashton and Alexander G. Souther were only two of the many to post comebacks. Throughout this time nearly a million people posted on Facebook and Twitter noting their concerns, not including the many articles published in Business Insider, The Huffington Post, and Forbes. The scandal took on a life of its own and caused Abercrombie & Fitch’s stock price to decline. According to its website, the stock share dropped from $58 to $26 after the six-month crisis period.
Less than a month later, the company published an anti-bullying press release that mirrored their previous sentiments and demonstrated the direction they planned to take moving forward (Abercrombie & Fitch, 2013b). Despite these explanations, no action was taken to reprimand the company or Jeffries.

**Company Action**

The third classification, company action, illustrates the dissatisfaction in press reports with Abercrombie & Fitch’s “actions,” and calls for actual steps to be taken in order to resolve the issue. The frustration with Abercrombie culminates into various articles, including Jillian Berman’s from The Huffington Post titled “Abercrombie Anti-Bullying Campaign Met with Surprise, Criticism from Protestors.” In response to the press release, Berman (2013) issued the following:

“It will take more than just an anti-bullying campaign to change his [Benjamin O’Keefe] mind about the company; he’d like to see a public commitment from Abercrombie to stock larger sizes for women as well as to include plus-sized models in its advertising.”

It wasn’t until about a half year later that Abercrombie & Fitch finally mobilized, releasing recommendations that they would sell larger sizes.

**Resolution**

The fourth category, resolution, shows press coverage that urges Jeffries to resign, and the final efforts from the company to rectify the situation. Bloomberg published an article containing information from Engaged Capital, a hedge fund that owns a share in Abercrombie & Fitch, pressing Jeffries to leave the company. There may be multiple reasons behind this action; however, the decline in stock prices caused by Jeffries’ comments certainly factored into this decision. Abercrombie & Fitch responded to this demand by first issuing a press release on about Jeffries’ new contract where he was not only paid less, but also stripped his title as chairman (Abercrombie & Fitch, 2013a). His departure did not come until a year later on December 9, 2014, when he retired. These enactments happened months after the scandal leaked, and therefore played no part in calming the public backlash.

**V. Discussion**

Through the analysis of the four stages of introduction, consumer response, company action, and resolution above, it seems that the company responded only when necessary to stem the heated coverage. When looking at this in comparison with the redressive framework, the initial company actions were not nearly substantial enough to lessen the public furor; therefore putting the brand’s reputation on the line. The redressive framework suggests actions that came later could have been more timely. The first framework criterion, leadership reaction, emphasizes ridding the organization of team members whose values do not line up with those of the company. Abercrombie failed to take this step, and kept Jeffries and his team on board, illustrating a lack of awareness for the comments he made and the resulting negative publicity.

The second criterion, engagement, explains how a company should address the issue head on and create new policies that will tackle whatever problem occurred. According to the framework, Abercrombie chose the wrong course of action by withholding a response for a period of two weeks and failing to implement any tangible plan. Initially, the company refused to respond to any negative comments by using corporate silence. Eventually, when Abercrombie finally did counter, the two press releases posted were not effective. The first notice came in the form of a Facebook post. Despite the company’s knowledge of both its target audience and most frequented channel, the apology lacked emotion, appearing to be formal and rehearsed. Forbes contributor Davia Temin said, “(Abercrombie) takes no responsibility for the action that prompted the apology. It has no sense of mea culpa, or remorse, but rather seems to transfer the blame to you” (Temin, 2013). In fact, Abercrombie may have exacerbated the situation by publishing on a popular forum where anyone has the opportunity to comment. The second type of communication was in the form of a press release. This anti-bullying statement was not as widely circulated because it was advertised on Abercrombie’s website. Moreover, it indirectly confronted the situation. In order to truly help their reputation,
Abercrombie needed to take direct action by adding new plus-sized merchandise, instead of simply publishing what was perceived by some as disingenuous messages. Temin (2013) emphasizes, “The company could have put a wooden stake into the heart of the crisis – by not only issuing a resonant, authentic, heartfelt apology, but by taking some serious remedial actions, as well.” Although they ultimately did instate larger sizes, it did not occur until November, when the situation was not at the forefront of consumers’ minds.

The third criterion, setting a tone for the crisis, has to do with role models. Employees within a company often act as exemplary figures to the public as well as mentors to new employees. This redressive action can then be described as showing how such employees should act as moral compasses to their audiences. If they are seen as corrupt, the new workers will follow their lead and the public will continue to label the brand negatively. In the case of Abercrombie & Fitch, the employees and leadership barely reacted to the scandal, therefore inadvertently downplaying the crisis, passively agreeing with the merchandise as well as the previously stated comments. Had Abercrombie punished certain employees and made necessary employment adjustments, the public would have looked at the company in a better light.

The fourth criterion, reward allocations, states that after an ethical scandal, organizations should reward moral behavior and punish immoral behavior. This not only demonstrates that the company knows the difference between right and wrong, but also proves that they want to uphold certain standards. This research suggests that Abercrombie & Fitch may not have conformed to this criterion even after all the negative brand attention. As a result, Abercrombie’s total return to shareholders was far behind its peers (Berfield & Rupp, 2015). If the company had immediately addressed this criterion, the public would have potentially viewed this action as an indication of responsibility and the public may have been more accepting toward the clothing brand.

The fifth and final criterion, replacement of key players, clarifies that selecting newcomers to an organization is a powerful way for a leader to rebuild a company’s reputation. Abercrombie did not search for new employees right after the crisis escalated, and instead waited for almost a year to oust Jeffries as chairman and CEO. New appointees significantly strengthened the senior leadership team and planned to steer the focus of the company toward its relationship with its customers. When looking at each of these criteria, it appears that Abercrombie & Fitch did not follow these guidelines.

VI. Conclusion

An examination of the timeline demonstrates that the reputation management plans of Abercrombie & Fitch could have been more successful. The company’s meager reactions within the first several weeks of the crisis barely mentioned the real issue of providing larger sizes for its plus-sized market. The messages they published came in two forms: a Facebook post and press release. Neither evoked emotion from readers, but may have fueled their resentment against a company and leader who refused to take responsibility. Instead of attempting to appease the press and public via these forms of communication, Abercrombie & Fitch could have taken a more drastic step, and actually made policy changes. By the time the company realized this fact, it was way too late and the public had already established their opinions about the brand.

When comparing Abercrombie’s methods with the Redressive Action framework, it may be concluded that the short-term solutions the company used were not as effective as they may have been. Had they applied the five redressive criteria, the actual company culture may have changed, potentially attracting old and new customers.

The impact on Abercrombie & Fitch can be seen in its financial records in 2013. Months after the Business Insider article was published, which gained a considerable amount of negative attention, the stock portfolio showed an increase in sales but a decrease in stock price. Essentially, one of the company’s main source of financial support, the investors, decided to withdraw and withhold donations. Overall this caused a loss of income ("Morning Document Research," 2009). Although the decline is most likely a direct result of the statements by the company, there could also be some other factors, including trouble with staying on the fashion trend of the time. Although this framework provides strategies that are proven to be successful at this point, other structures may become more relevant as our corporate environments continue to change with time. Even since 2013, the Internet has grown drastically, lending to new forms of interaction. Currently, people can research anything on the web and have unlimited access to information. As a result, company and individual reputations can be known worldwide. To maintain a positive status, organizations need to constantly
engage with their customers. Of course, mistakes will be made, but it is how the mistakes are handled that matters more. The direction of reputation management is evolving with the advent of new technology, and frameworks need to follow suit. (Tennie, Frith, & Frith, 2010, p. 484-485).

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