

ALTERNATIVES TO LAWSUITS

Until recently, unhappy customers had only two options: bombard customer service with complaints or file a lawsuit. The age of social media gave unhappy customers many more options to express their dissatisfaction and reach results other than legal. They can for example, Tweet on Twitter, share with all their friends on Facebook, write on their (or somebody else's) blog and even make a video about their experience. Making a video is exactly what one customer of United Airlines decided to do after fruitless attempts to get assistance from customer service.

You Tube

United Breaks Guitars

[sonsofmaxwell](#) 17 videos

Song #3 is Now Available at www.DaveCarrollMusic.com/song3

0:05 / 4:36

[sonsofmaxwell](#) | July 06, 2009 | 4:37

UBG Song#3 is released! www.davecarrollmusic.com/song3 There is now a video...

As Seen On: time.com

8,714,557 views

CASE 1 cont'd

On July 6, 2009, a video entitled "United Breaks Guitars"¹ appeared on YouTube. The author, Canadian musician Dave Carroll, wrote a song about his unsatisfactory experience with United Airlines. In the song he blamed United Airlines for breaking the neck of his \$3,500 guitar, caused by careless baggage handling and unreasonable policies. Customer service found Mr. Carroll's refund ineligible, as the claim did not take place within the "standard 24-hour time frame".

While the story of Dave Carroll represents an ordinary customer service problem, the amount of publicity that the issue gained by being posted on YouTube was outrageous: 150,000 views were generated within 1 day and grew to 8 million by March 2010.

In the aftermath of the events, Rob Bradford, United's Managing Director of Customer Solutions, telephoned Carroll to apologize for the foul-up and offered a belated compensation of \$3,000. Some claim that \$3,000 in damages is not an accurate reflection of UA's loss. According to the *Times Online*, "the Carroll mishap actually cost United \$180 million or 10 percent of its market cap," within four days of the song going online. The gathering thunderclouds of bad PR caused United Airlines stock price to suffer a mid-flight stall, and it plunged by 10 per cent, costing shareholders \$180 million. Which, incidentally, would have bought Carroll more than 51,000 replacement guitars."² Generally, airlines' stocks have a downward trend, but the stocks of United in June –August 2009 represent the lowest point on the company's 3 year trading history.

While United was recovering from its bad publicity, Taylor Guitars, the brand of Dave Carroll's guitar, used the incident as an opportunity. Bob Taylor, owner of Taylor Guitars, offered Carroll two guitars and other props for his second video, as well as issued a video response to the story.

So what was the outcome of this new type of corporate trial? The outcome for Mr. Carroll was pretty satisfying, besides financial compensation, Dave Carroll got worldwide recognition as his song hit #1 on the iTunes Music Store the week following its release and *Time Magazine* named it #7 on its list of the Top 10 Viral Videos of 2009. For United the outcome was less pleasant; besides financial losses and wide criticism, the song "United Breaks Guitars" is the first one to pop up when somebody searches for United Airlines on YouTube.

Lesson Learned: Just because you have lawyers, doesn't mean you are covered for customer complaints!