**COMM 3014: Public Relations Case Studies**

**CASE BRIEF**

**Case 35: Best Buy Fights for Survival: Company Strives for Relevancy in an e-Commerce World**

*Summary of the Case*

Once renowned as one of the biggest electronic retailers, Best Buy hit a wall in 2012 when it fell victim to online retailers’ lower prices. With the ever-growing digital commerce world, Best Buy suffered a loss of $10 million to retailers like Amazon. On top of nearly facing bankruptcy, Best Buy’s CEO Brian Dunn was forced to resign after inappropriate behavior with an employee, prompting Founder Richard Schultze to leave the company as well. Best Buy was suddenly faced with many challenges that threatened its stability, including five new individuals in top administrative positions.

Best Buy needed a way to regain the admiration of its consumers while working alongside financial analysts and trying their best to avoid media scrutiny during this sensitive time. In 2013, Best Buy decided that a change in their pricing strategy was essential for the company’s survival. The problem was rooted in “showrooming,” meaning that shoppers could come into the brick-and-mortar store at any time to test out products without purchasing them in-store. Instead, consumers would later shop online for better deals for the same product.

The objective was clear—Best Buy had to match competitors’ prices and introduce price cuts in order to stay in business, which was normally their practice solely during the holidays. Effectively doing so required research on their part. Best Buy’s conclusion to institute a change in pricing strategy stemmed from working with business analysts in 2013 who advised them to do so. Along with an end to showrooming came the coined phrase “Low Price Guarantee,” which caused Best Buy’s stock price to rise considerably. Best Buy also created its “Renew Blue” program to establish problems it needed to solve and track its progress. When it came time to evaluate Best Buy’s progress, the company had driven a more than 10 percent increase in Domestic comparable online sales, improved its Net Promoter Score, and elevated its retail customer experience with Samsung Experience Shops and Window Stores.

As aforementioned, Best Buy’s stock had risen. Even though it wasn’t to the level it had been at before, their aggressive tactics to create organizational stability was clear. The company made sure to relay their strategy to investors and financial analysts for feedback and important future decisions.

*Analysis of the Case*

Effectively carrying out a campaign is essential in the field of public relations, and Best Buy is a prime example. Early on, new president and CEO Hubert Joly hosted an Analyst and Investor Day to do two things: present the new leadership team and preview the company’s expected third quarter earnings. In doing so, Best Buy was able to convey that it was serious about reinventing itself as a key player in the e-commerce market. Perhaps the most effective communication tactic was that Best Buy not only held this event, but also streamed it live on its investor relations website. This action set a precedent of Best Buy being transparent in its operations and updating the public with pertinent information.

Best Buy also designated a spokesperson, Matt Furman, who was responsible for communicating to the Minnesota Public Radio that the company was “…recommitted to improving the customer experience” and “being price-competitive” (Swan, 2014, p. 541). By focusing on a handful of people to communicate major messages, which included president and CEO Hubert Joly, the intended message was consistent throughout the media and would be correctly decoded by its audiences. Best Buy practiced effective public relations mainly by designating these spokespeople and remaining true to their vision while conveying it to the public. They used a plethora of communication tactics to see this vision come to fruition and save the company.

One of the tactics Best Buy used was issuing a news release that detailed the proposed price match of all local retail competitors and 19 major online competitors. In this release, three main points were delivered that would be at the core of the campaign: Best Buy was the only retailer to offer a Low Price Guarantee and a variety of the latest products and services, their sales force offered knowledge that was impartial and the company would fully support the life of a product. These benefits were one of many examples of Best Buy maintaining clear and constant communication with its public, which was consumers looking for a bargain. The news release was one of the first materials that was responsible for announcing Best Buy’s change of direction in order to keep up with growing competition from online retailers. Further detailing the success of this announcement, Best Buy’s stock price rose 7.4 percent to $16.87.

Another communication tactic Best Buy used was its website, specifically the “About Best Buy” section. Under this tab, the company explained that it aspired to be the “destination for all your technology products and services” (Swan, 2014, p. 542). This message was aided by its new tagline, “Making Technology Work for You.” With a brand-new promise and tagline, Best Buy was well on the way to winning its way back into customers’ hearts. Publishing their goals on their website and finding a way to bring a fresh approach were important steps on the path to redemption.

Finally, Best Buy made the decision to invest in a Super Bowl advertisement and feature actress and comedian Amy Poehler. Not only did Poehler’s humor and status work in Best Buy’s favor, but it also aired when millions of football fans were watching. The ad emphasized Best Buy’s “Blue Shirt” techies and their commitment to top-notch service. In 2012, “Connect Stores” were developed that featured the iconic Geek Squad Solution Center, which offered free tech support consultations and classes. The same year, Best Buy also announced their new “Samsung Experience Shops” within its larger stores. New developments were at the hallmark of Best Buy’s campaign, and it seemed to be working with its consumers.

Best Buy’s decision to meet the needs of its consumers is an example of the **contingency theory** because the company stopped advocating for its own higher prices and began accommodating customers’ preferences for lower prices. Part of this effort was giving in to online retailers with discounted prices on products, especially electronics. It can also be argued that **relationship management theory** is present in this case because Best Buy could not thrive without having a relationship with its customers, which is why the company became accommodative in the first place. If both the company and consumers did not have a mutually beneficial relationship, there would be no relationship at all.

The model in this case is the **two-way asymmetrical model of public relations** because information is flowing both ways. Customers are responding to Best Buy’s prices by a large majority of them not buying the products they see in-store. Therefore, Best Buy responded to these realities by becoming more price-competitive. This case is not quite press agentry because instead of simply using persuasive tactics, Best Buy depended on scientific persuasion, using financial analysts to help them research and make tough decisions, and relied on the feedback of whether consumers were responsive to these changes. Best Buy definitely wanted its customers to accept its new way of thinking, and results show that their aggressive transformation worked.

The PRSA Code of Ethics also plays an important role in this case, especially the value of **honesty**. Throughout the campaign, Best Buy was truthful to its public by transparently presenting them with new information as it became available, largely through their website. Although Best Buy was successful in its aggressive tactics to make its way back to the top, every company can approve their approach. Best Buy could have focused on being more relatable to its customers. For example, the Super Bowl ad featuring Amy Poehler was understandable because there was a large viewing audience seeking entertainment, but creating other television commercials with regular people could be effective so that customers can relate more easily. This would emphasize the **two-step flow theory**, in which opinion leaders are most effective when they share the same social status as their supporters.

Despite challenges along the way, investors were confident in Best Buy’s future. Their stock had risen and they were moving forward to keep up with the fast pace of the e-commerce world.

*Discussion Questions*

1. What communication tactics most set Best Buy apart from its competitors?
2. What were some other reasons that online retailers surged ahead of Best Buy besides their low prices?
3. Was Best Buy’s new tagline, “Making Technology Work for You,” effective?
4. Is “showrooming” still a problem at Best Buy? Why or why not?
5. Based on your own knowledge and experience, how much do you think Best Buy has improved since 2012?

References

Swann, P. (2014). *Cases in Public Relations Management: The Rise of Social Media and Activism* (2nd Edition).New York, NY: Routledge.