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# The Power of Stakeholder Media



By Mark Lee Hunter, INSEAD Adjunct Professor and Senior Research Fellow

## **On-line forums of angry stakeholders have the power to destroy a unit of a multinational firm. Is anyone at your company listening to them?**

Even before it hit the shelves in March 2011, E. I. duPont de Nemours and Company's new herbicide, Imprelis, was a hot topic of conversation amongst lawn care providers on LawnSite.com, the industry's premier professional forum.

The first in an entire new line based on novel chemistry, Imprelis was hailed as a game-changer for weed eradication by both the American chemical giant's professional products division and influential customers. Nonetheless, many users logged on to LawnSite.com to seek and share counsel (including university studies) and peer reviews. Apart from a few complaints about price, the first reports from the field were enthusiastic. It seemed DuPont had a big winner on its hands.

But at the end of May, a LawnSite.com member reported: "Found off-target damage today ... Anyone else finding problems?" Users were caught between disbelief and anxiety, but were soon convinced that Imprelis was killing trees.

The forum bristled with photographs of damage, links to the latest university updates, news reports, and other information. Within weeks, these threads became a national resource, as home owners came on board, lawyers trawled the threads seeking clients, national media sought authoritative sources of information, and government regulators tracked the issue.

Forum members appeared to know more about the problem than the company. DuPont's division, clearly overwhelmed, set up a website and sent letters pleading for patience as the firm investigated the damage. The end came in August 2011, when the U.S. Environmental Protection Agency forced a recall - after LawnSite.com members reported that DuPont's own, last-ditch recall was not being followed by distributors.

DuPont found itself liable for nearly US\$1.2 billion in settlements. Instead of building the professional products division, its reputation with customers had been shredded. In the fall of 2012, Syngenta acquired the unit for US\$125 million.

The Imprelis case is the first we know of in which an entire unit of a multinational firm was essentially destroyed by its own customers. The key to this event is that stakeholder communities now possess their own media, and it's not just social media. They are not using their channels to be liked, but to equalise power relations with firms.

### **Rise in stakeholder media**

Scholars predicted the rise of media controlled by purposeful communities in the early 2000s. In 2008 we applied the phrase "stakeholder media" to the phenomenon in a study of a boycott that ravaged Danone SA . That same year I formed the [INSEAD Stakeholder Media Project](#) with [Luk Van Wassenhove](#), the Henry Ford Chaired Professor of Manufacturing and Professor of Technology and Operations Management at INSEAD, and INSEAD Visiting Scholar Maria Besiou. Our central focus was that unlike news media, stakeholder groups don't just tell people what matters, they also tell them what to do about it. We wanted to know how they made their agendas happen.

We looked for more cases, and found them. Stakeholder media sapped the credibility of BP's Beyond Petroleum campaign, and fed the global protest against Nike. In these cases the stakeholders were investors and activists. The [LawnSite.com case](#) is the first time we'd seen where a company's own

professional customer base played the leading role. These were small businessmen, people without a lot of money or influence as individuals. But when they got together to share information and make decisions, their speed and power stunned us.

### **Working with stakeholder media**

Could DuPont have averted this catastrophe?

We think so. In particular, DuPont could have pulled the product much earlier. We know for people in the company that would have been a terrible decision to make. They believed they had a great, environmentally-friendly product. But when core clients started reporting damage, DuPont should have stopped distribution. If the customers were right, as they turned out to be, every centilitre of product that left the distributors equalled a future problem and a future cost.

A second mistake was trying to find a solution alone, while hoping that customers would wait. This cut DuPont out of the conversation, and out of a growing consensus. By the time DuPont came back in to the debate, the firm was facing an organised, well-informed community -- and had lost their trust.

### **Learning from Microsoft**

Every product today is supported by a user base, and anyone who takes the time to find their online community will be instantly linked with other users. These groups are not dependent on media gatekeepers to get their messages out. If there is a problem, they ask for help, and if they don't get it from the firm, they will find it among their peers. This represents a huge cost savings for most companies, but it also means if the problem is general, there's no place to hide and no time to waste.

Companies should be in these forums even before a crisis hits. Microsoft is a good example of how firms can use stakeholder media. A few years ago they started watching internet forums where their products were discussed. They identified the people who were answering forum members' questions, then contacted and recruited them. The good will and market intelligence they gained through this strategy is palpable. Microsoft has also developed internal connections between those monitoring the media and people within the company who can solve problems.

Viewed from the outside, the response of DuPont's professional products division was defined by lawyers. That's a by-the-book approach, but it may

not be the right book anymore. Companies today need to think not only about liability; they can reduce costs and preserve the business more effectively by engaging with customers swiftly and transparently, to resolve their problems.



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