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IMAGE PATROL

BY KATIE PAINE, CEO, PAINE PUBLISHING

KFC and Oxfam Take Different Paths to Crisis Resolution, Honesty Triumphs

If you'd asked me a year ago if I'd be siding with **KFC** as opposed to a large, charitable organization in a reputational crisis, I'd suggest you cut back on whatever drugs you were taking.

But that's how things roll these days. When the U.K. branch of KFC ran out of chicken last month it caused a furor. It got so bad that people were calling the police. Some 700 of the country's 900 KFC restaurants were forced to close. The company's response was fast and brilliant, and while it may take the business time to recover, relatively little damage was done to the brand.

COVERUPS SINCE 2010

All of which stands in stark contrast to the way highly respected organization **Oxfam** handled recent revelations. *The Times* of London uncovered years of sex scandals involving the charity's aid workers who were sent to foreign countries to help with disaster relief. Instead, some of the workers were visiting prostitutes and engaging in illicit sexual practices with natives they'd been sent overseas to help. The Times discovered evidence of wrongdoing and subsequent internal investigations and coverups dating back to 2010.

The result has been not only permanent damage to the brand, but the loss of celebrity spokespeople, donors and the U.K. government threatening to de-fund the organization.

PROTECT THE BRAND AT ALL COSTS?

That's what you get when you prioritize brand protection over the protection of people. If we've learned nothing in the last

few years of scandals and crises it's that organizations that put the brand (aka profits) over the safety and well-being of humans suffer the greatest brand damage. Just ask **Volkswagen**, **Equifax**, **Theranos** and the folks who were in charge of water in Flint, Michigan. Time will tell if we'll add **Facebook** to this list and the companies that designed and built the bridge on **Florida International University's** campus, which collapsed and killed six people last week: **FIGG Engineering-Bridge Group** and **MCM Construction**, respectively. You get the idea.

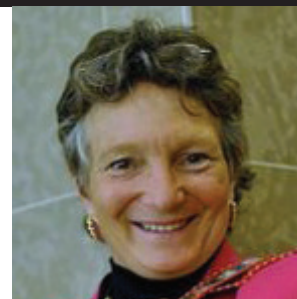
KFC

When KFC switched its delivery service provider from a smaller specialty company to behemoth **DHL**, it expected a few hiccups, but it was completely unprepared for the level of interruption that resulted. It was equally unprepared for the customer backlash.

KFC's communications team, though, and particularly its agency of record, **Mother London**, jumped into action. Within days it put up an ad designed not just for the print media, where it was placed, but also as a meme on social media.

KFC OR FCK?

By a simple rearrangement of the brand's letters, Mother London created an apology that was visually irresistible and tonally perfect. Using humor combined with an acknowledgment of the hard work and contribution of employees, who



Continued on page 3



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39% of Americans 18 to 29 Are Online 'Almost Constantly,' 77% Online Daily

While it's true that some communicators continue to believe the online life is a fad, it's hard to argue with figures from a new **Pew Research Center** survey that say otherwise. At least for the moment, the overwhelming majority of Americans is either online daily or nearly constantly.

The study of some 2,000 American adults (data collected in January) shows 77% of Americans head online each day, including 26% who say they're engaged with the technology "almost constantly."

That figure jumps to nearly 4 in 10 (39%) when those aged 18 to 29 are asked if they're online "almost constantly."

But going online constantly is hardly the exclusive purview of the young: 36% of those 30-49 say they're constantly online, too. In addition, this figure has risen 12% since 2015.

Even the "constantly online" share of Americans 50 to 64 has risen to 17% from 12% since Pew's December 2015 study. Marketers might want to dig deeper into their target audience to find at what age the decline in "constantly online" begins or if it occurs at all.

Another important trend: Mobile connectivity drives online activity in America.

Among mobile internet users (83%), 89% go online daily and 31% go online almost constantly. Of those who go online using something other than a mobile device, just 54% go online daily and 5% say they are constantly online.

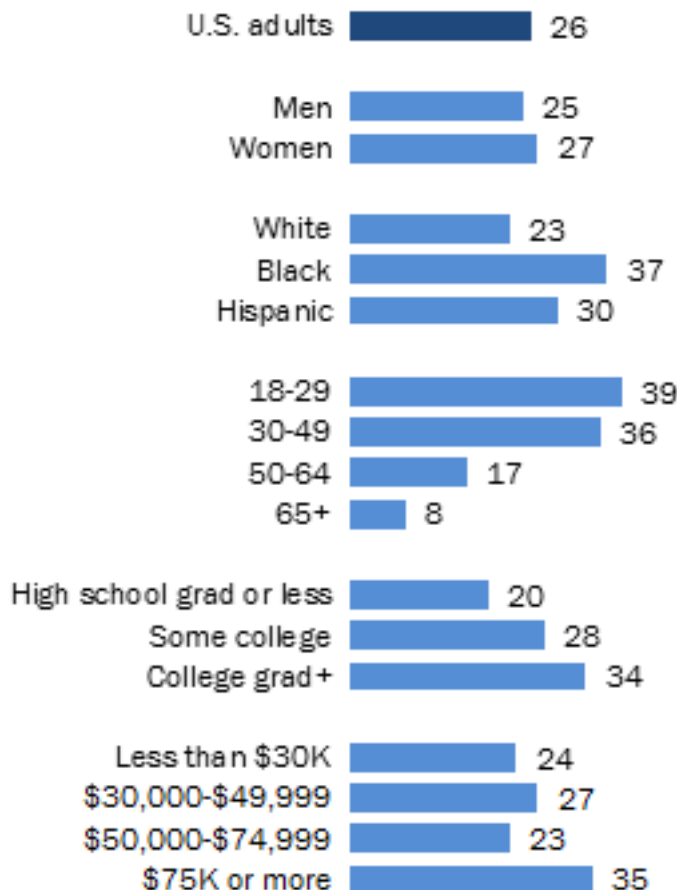
Looked at differently, the percentage of the U.S. population rejecting the internet has fallen steadily since 2000 (see table below).

Certain sectors have declined precipitously.

For example, 86% of adults ages 65 and older did not go online in 2000; today that figure is 34%. For those lacking a high school diploma, 81% did not use the internet in 2000. It's 35% today. ■

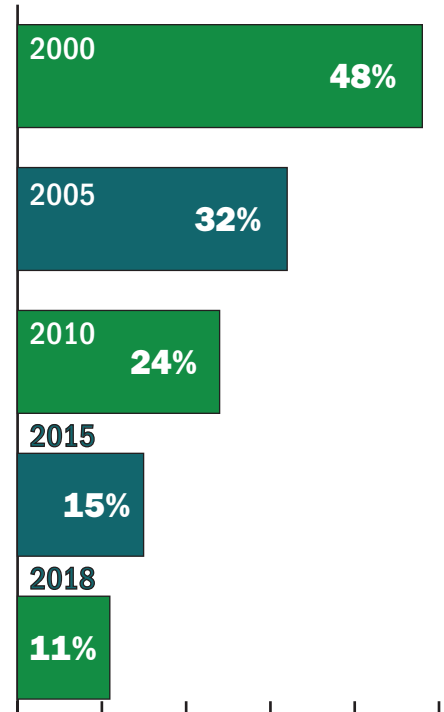
39% OF AMERICANS AGED 18-29 ARE ONLINE 'ALMOST CONSTANTLY'

% of U.S. adults who say they're online 'almost constantly'



Source: Pew Research Center (March 2018)

% of U.S. Adults Who Don't Use The Internet



Source: Pew Research Center (March 2018 and previous years' data)

Sometimes Humor Can Work in a Crisis

had to handle crowds of hungry people, it was particularly effective in toning down outrage.

The crisis ended in days and many pundits predicted that rather than suffering serious damage, the value of the KFC brand was enhanced by the very public demonstration of

loyalty that the crisis evoked. The only lasting damage may be that once you've seen the ad, you will forever associate those three letters with the brand. And, sure, there were parties who complained about the implied language meaning of the rearranged letters, although that damage seems light.

KFC

Continued on page 4

Criteria	Grade	Comments	Advice
Extent of coverage	A	While there's no denying the incident got worldwide coverage on every platform, much of it was making fun of UK customers going nuts because they couldn't get access to their beloved KFC chicken. The rest was praise for how well the KFC brand responded to adversity.	Let's be honest, it's not really too bad a crisis if you screw up deliveries and your customers are calling the police because they can't get your product. The key, though, is to sympathize with customers, empathize with your employees and say, "We're sorry" in a very visible and self-deprecating way and in a tone appropriate to the crisis.
Effectiveness of spokespeople	B	KFC's explanation and apology were fast and reasonable. The fact that a poor decision on management's part led to the problem wasn't adequately acknowledged. The ad made up for it, however.	KFC's crisis was yet another example of management making a bad decision that PR is left to clean up after. Make sure there's a strong brand protector in all high-level meetings who will be able to assess the reputational cost of every decision.
Communication of key messages	A	There's nothing like a great ad to get a key message across. Sometimes buying time and space for a message is the best way to get it across no matter how good your PR team might be.	The key to an effective crisis response strategy is the ability to look at every possible communications solution and pick the vehicle that will solve the problem fastest. There's no room for ego or silos in a crisis war room.
Management of negative messages	C	The crisis was blamed on management's choice to shift from a local specialty delivery firm to DHL. That bad decision was denounced. UK media was quick to jump on the blunder. Media outside the UK tended to overlook the delivery issue and concentrate on the humor of the ad.	The environment for crisis management has shifted dramatically in the last 10 years. In the era of #Occupy, #MeToo and #NeverAgain you need to be keenly aware of how responsible your decisions will be judged to be by your global audience.
Impact on employees and potential employees	B	It was no doubt a horrible week for all, but the shoutout to employees who were dealing with all those maddening crowds was heartfelt and impressive. My guess is that younger potential employees would prefer to work for a company with a sense of humor than one that used corporatespeak to explain away a bad decision.	Employees today want honesty and transparency in communications. In addition, whatever you say must be meaningful. Mentioning employees in your apology is key to a quick recovery.
Impact on stakeholders and customers	B	I agree with many of the image gurus that if anything the scandal burnished rather than tarnished KFC's brand. It showed the brand is human, has a sense of humor and cares about its employees and customers.	Crises involving angry customers require a gentle touch, lots of listening and a willingness to accept blame. With those ingredients and some luck, you might be able to turn a potential disaster into an indicator of customer loyalty.
Overall score	B+	By being willing to poke fun at its logo, and acknowledge its culpability, KFC turned a potential disaster into a relatively brief headache.	Almost any crisis can be mitigated with fast action. Adding in a sense of self-deprecating humor often can help, too.

Enter Now!

ENTRY DEADLINE:
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LATE DEADLINE:
May 11, 2018

Questions? Contact
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OXFAM

Oxfam took the exact opposite route when faced with distressing issues. When a whistleblower informed senior leadership that Oxfam workers, sent to help in post-earthquake Haiti in 2010, were sexually exploiting women, the scandal was hushed up.

Sure, a press release was issued and people were fired, including the head of the operation. But rather than being

transparent with the facts, the fired executive was given a recommendation and, as we've seen with disgraced priests and professors, had little issue finding other jobs.

Oxfam let the problem fester until this year, when people who were upset at the lack of action, and whose knowledge couldn't be erased, came forward with the truth. ■

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Oxfam

Criteria	Grade	Comments	Advice
Extent of coverage	F	It got far more coverage by trying to cover up the scandal than it would have suffered if it had just admitted the issue and fixed the problem when it happened.	The notion that you can "protect the brand" by covering up something was a popular fantasy in the pre-social media days. Now it just guarantees that you'll be sitting on a time bomb until that whistleblower goes to Twitter.
Effectiveness of spokespeople	F	If Oxfam had any effective spokespeople it's likely the organization wouldn't have tried to cover up the scandal in the first place. The notion that the whistleblower went over everyone's head and it still got covered up implies that the crisis is systemic and cultural.	Remember that when you are trying to mitigate a crisis, the decisions you make and the actions you take say far more about your culture and what your brand stands for than anything anyone might read in the media.
Communication of key messages	F	The salaciousness of the scandal, and familiarity of the cover-up (echoes of the Catholic Church and private boarding schools) overshadowed any messages Oxfam tried to communicate. Oxfam's CEO Matt Goldring's inept attempt to downplay the problem and his whining that he "hadn't slept for six days" made matters worse.	If you were sentient after the BP oil spill, you should know that a CEO complaining about how miserable his life is during a crisis is the worst possible thing one can say. It's far worse if the crisis involves sexual exploitation, politics or anything else that has been in the news of late. If that's the case, the chances of getting your messages across with words are slim to none. Your best hope is to take dramatic action that will drown out all the voices arrayed against you.
Management of negative messages	F	Even though the actions happened nearly a decade ago, the details were vivid enough to dominate headlines and generate outrage worldwide. The occasional "no comment" in response to The Times' questions didn't help.	Never ever ever let the words "no comment" be uttered by anyone in your company. Those two words virtually guarantee that every negative message you never wanted to see in print will be on the front page the next day.
Impact on donors	F	7,000 donors pulled their support from Oxfam since the story broke and the UK government is threatening to pull its funding. Visa and other sponsors are distancing themselves and celebrity endorsers like Desmond Tutu are quitting.	Make good long-term choices. When an organization makes poor choices to "protect the brand" in the short run to avoid what it perceives as potential "bad press," the consequences in the longer term inevitably are far more serious.
Impact on volunteers and potential volunteers	F	The message this scandal sends is not one that any volunteer wants to hear. Worse, the scandal raises questions about other similar global charities. All rising tide lifts all boats; a sinking tide can bring all boats down.	Your employees/volunteers and potential employees/volunteers do not live in a bubble. Bad news is remembered longer and travels farther than any apology you can ever dream up.
Overall score	F	When you cover up a sexual exploitation scandal you help perpetuate a culture of abuse, damage your brand and potentially taint your entire industry. No amount of apologies suffices.	If you cover up a scandal, there is no faster way to lose trust, so be prepared to lose donors, customers and your employees.

CSR

How Brands Can Get Ready for Saturday's 'March for Our Lives' and Whether or Not They Should

With the *March for Our Lives* set for Saturday at venues around the country, what should brands be doing, if anything, to prepare? We asked **Barie Carmichael**, a senior counselor at **APCO Worldwide** and a former CCO with **Dow Corning** and EVP of corporate relations with **VISA USA**.

In short, it's a delicate dance. "Of course, what a brand should do on Saturday is not a generic question. If you're a brand with a direct connection, one that makes guns, for example, you will approach [the march] one way. If you're a brand that sells guns...you might take a different stance."

Most important, Carmichael advises, is for brands to understand whether or not they have a connection to the issue.

THINK OF YOUR SUPPLY CHAIN



Barie Carmichael
Senior Counselor,
APCO Worldwid

The problem, though, is brands that believe they have no connection to the march might not realize they have an indirect link to it. For example, a lot of people will be traveling to march sites. Brands that transport the travelers or perhaps supply them with food or living accommodation could be said to have an indirect connection to the march, Carmichael says. She advises brands to “think of your supply chain... how could you be indirectly caught up in this march?”

She points to the communicator’s role in planning a brand’s tactics and strategy for Saturday. “You need someone at the table with a social imagination...who can anticipate various potential issues...shame on anyone who doesn’t brainstorm” scenarios ahead of Saturday, she says.

A CONNECTION TO YOUR BRAND’S VALUES

OK, but what should a company say? That depends on your brand’s values, Carmichael says. Does the issue connect to your organization’s core beliefs? She’s spoken to many companies where employees are urging management to take a stand; other employees, though, have a different view. Re-

member, “Your audience might be as diverse as your employee base...a good brand manager will look at this from 360 degrees.”

A RECRUITING BATTLE

One of those 360 degrees to consider is the need for companies to appeal to millennials for future recruiting purposes, she says. “Make no mistake...Saturday’s march can be thought of as a [recruiting] battleground,” especially with baby boomers reaching age 65 at the rate of 10,000/day through 2029, according to the **Pew Research Center**.

A RANGE OF RESPONSES

Brands should consider a range of responses and platforms (traditional and social media). For example, a company could speak internally to employees and not issue a public response via social. Likewise, it is wise to think of a range of spokespeople, she argues. Perhaps instead of having your CEO make a statement, it should come from the chief talent officer if it angles toward recruitment, Carmichael says.

While the social conversation should be monitored Saturday, so should other information portals. Any employee who will come in contact with information and the public should be told to monitor reactions. In addition, they should be sending information into a central area, Carmichael says. ■

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SEO

Small Businesses Seek Quick Payoff from SEO

Slightly more than half (55%) of small businesses invest in SEO, B2B researcher **Clutch** says. Its survey highlights the gap between what small businesses (fewer than 500 employees) want from SEO and where they’re willing to invest in it. They want as many quality links coming back to their site as possible. Yet this is time- and resource-intensive. Social media marketing, though, generally is low-cost and can be handled in-house, thus 56% invest in it, Clutch concludes.

Contact: grayson@clutch.co

How Small Businesses Invest in SEO	
55%	Small businesses investing in SEO in 2018
52%	Small businesses investing in SEO in 2017
45%	Small businesses investing in pay-per-click (PPC) advertising in 2018
90%	Small businesses that invest in PPC also invest in SEO
56%	Small businesses invest in social media marketing, more than other SEO services, including local search optimization (46%) and on-site optimization (37%).
Source: Clutch (351 small businesses, March 2018)	



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Reputation Declines for First Time Since '09, But Honest Communication Can Help Brands Improve

We'll paraphrase what we wrote on page 8, column 3, "Whom do you trust?" As we've seen in the **Edelman Trust Barometer 2018**, the answer on a global scale is: very few institutions. This lack of trust includes brands and their leaders, as well as political parties and their chiefs (*PRN*, January 30, 2018).

In terms of corporate reputation, which is closely aligned with trust, the gold standard is the annual *Global RepTrak 100*, a report from **The Reputation Institute**. Its 2018 edition was released last week.

In short, the report agrees with much of what Edelman says about the global climate influencing companies' reputations. As you can see from the chart at the top of the next page, the RepTrak score for companies fell in the 2018 report. The decline, marking a strategic inflection point, was the first downturn since the end of the Great Recession in 2009.

NO ESCAPING REPUTATION WOES

Even the top 10 most-reputable companies for 2018, listed in the chart on page 7, bottom), has a blemish. The top company, **Rolux**, with a RepTrak score of 79.3, is considered very good but not excellent.

The industries hit hardest in the average rankings included Hospitality (-16), Transportation (-13) and Airlines (-12).

Fortunately for communicators, the way to begin to rebuild corporate reputation, the report says, is related directly to communications. More about that below.

7 FACTORS OF REPUTATION

The Reputation Institute bases a company's reputation rating, or RepTrak score, on seven factors: products/services, innovation, workplace, governance, citizenship, leadership and performance. The report measures 100 multinational companies in 15 countries.

What the bursting of the reputational bubble means in practical terms, according to the report, is that it will be more difficult for companies to: recruit the best talent (-6.1%); garner investment (-8.1%); and retain loyal customers. The lack of trust will result in a 7.9% decline in loyalty toward purchasing a company's products.

Another result of the trust decline that is relevant to communicators,



Stephen Hahn-Griffiths
Exec Partner/
Chief of Research,
*The Reputation
Institute*

particularly during a crisis: just 38.5% of the public trust companies to do the right thing. "The jury is out for most companies, because they're less likely to be trusted," the report concludes. Companies are less likely to do the right thing when nobody is looking, the report says.

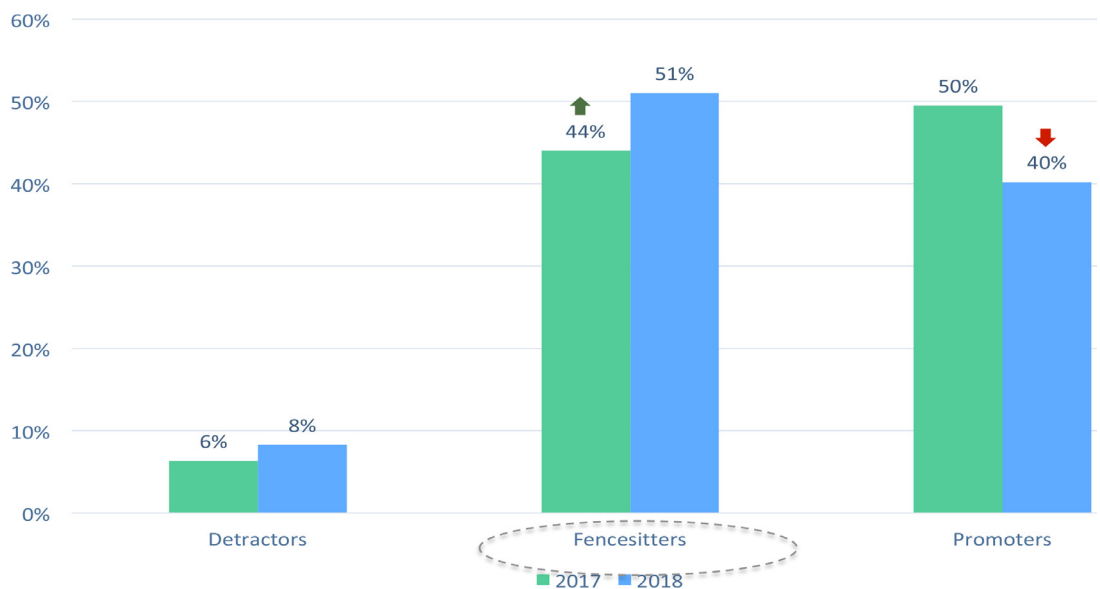
As mentioned above, the flip side to the downturn in reputation, though, is that "companies that can find the right balance of authentic and genuine persona can reach significant reputation gains," says

Stephen Hahn-Griffiths, Reputation Institute's chief research officer/executive partner. He tells us the top 10 companies saw a 4.1-point increase in reputation "just through the merits of knowing how to have an honest and genuine dialogue and a real, authentic line or channel of communication."

Another upside for companies is that about half the world (51%) remains on the fence: this group is open to being convinced that companies can be trusted, as shown in the chart on the bottom of this page.

Of relevance for communicators, as the table on the far left illustrates, this year's report showed a one-year decline (49% to 35%) in the perception that a given company will be seen as communicating in a genuine and authentic manner. "This basically says the majority of companies are speaking in an inauthentic way," Hahn-Griffiths says. "Perhaps there's too much hyperbole in the corporative narrative...the underlying lack of trust or disbelief is possibly lack of relevancy in some of the topics being discussed."

Emergence of a Reputation Silver Lining



Hahn-Griffith also argues the speaker for companies wishing to improve its reputation should be its CEO. He predicts an increased trend in the importance of the CEO and his/her “ability to impact the reputation of the firm.” The CEO, though, must talk with “a sense of conscience, not just a sense of fiscal responsibility,” he says.

Does it have to be the CEO making the pitch? It could be another high-ranking officer, Hahn-Griffiths admits, but it should be the CEO. Having the CEO speak for the company, he says, “creates credibility...if your brand uses a spokesman instead you run the risk of that person being perceived as not representing the whole company.”

THE HUMAN CEO

Hahn-Griffiths adds that part of a company being perceived as genuine “is unleashing the human side of your CEO and having him or her up there with the conversational outlines for the brand narrative that’s perhaps connected to the best interests of social responsibility, the best interests of the welfare of mankind and maybe aligns with sustainability and environmental issues.”

The CEO must find a way to convey “a sense of empathy.” Beyond general familiarity, companies need to create depth of understanding of what they stand for, he says. Increasingly this will become a competitive differentiator, Hahn-Griffiths says.

Another of the keys, he adds, is the CEO needs to talk about “what matters to people...what’s important to them, the community they live in...so CEOs who can

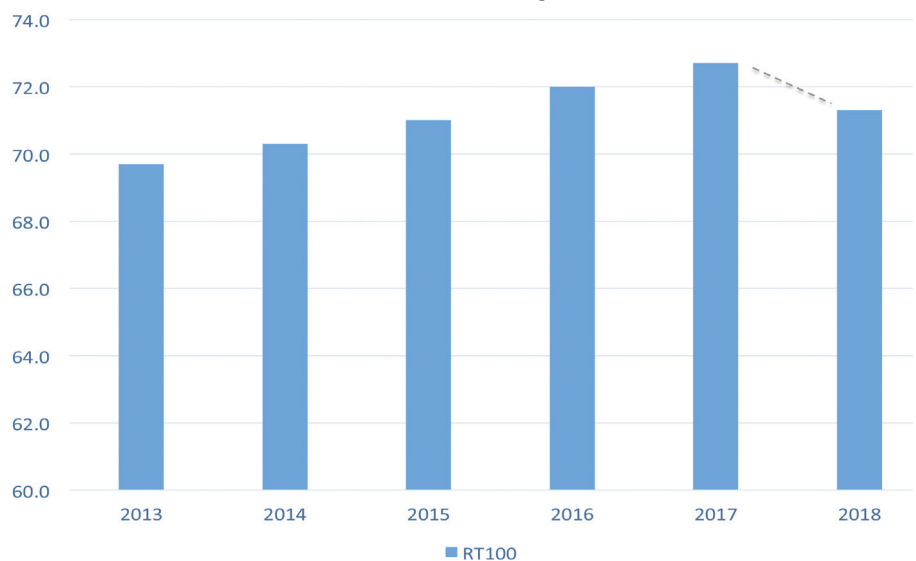
align themselves with human interest stories are the ones who’re going to drive success for their companies.”

Where did the downturn in reputation come from? “We align it with an erosion of trust,” he says. “Trust in the integrity of companies and in what they are doing to make the world a better place.” There’s also a lack of trust in politics.

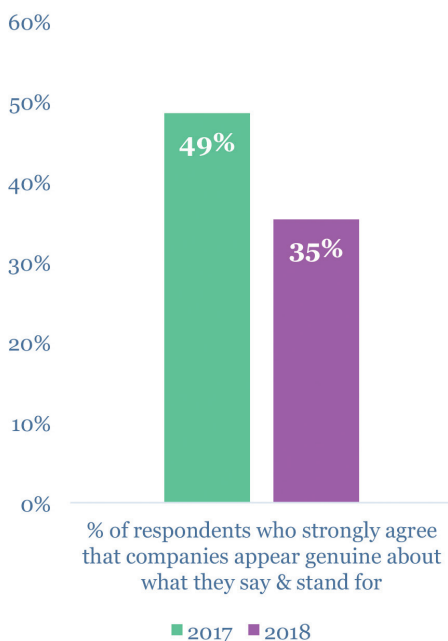
Fake news, tweet ranting, political and economic unrest and unsettling events such as the recent school shooting in S. Florida are drivers behind the decline in trust. The result is people now “look at companies with new eyes...companies are trapped because people aren’t even sure they trust their governments, political parties and the media. ■

CONTACT: Shahn@reputationinstitute.com

Trendline in Global RepTrak 100



Appears Genuine



The 2018 Global RepTrak Top 10

Rank	Home	2018	Score
1	Switzerland	ROLEX	79.3
2	Denmark	LEGO	77.9
3	United States	Google	77.7 ↑
4	Japan	Canon	77.4
5	United States	The Walt Disney Company	77.4 ↓
6	Japan	SONY	77.3 ↑
7	Germany	adidas	76.6 ↑
8	Germany	BOSCH	76.4 ↓
9	Germany	BMW GROUP	76.1 ↑
10	United States	Microsoft	75.8 ↑

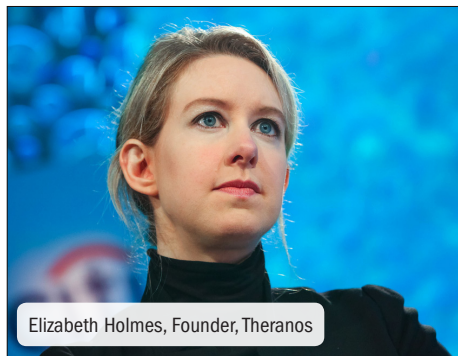
Source: The Reputation Institute, Global RepTrak 100 (March 2018)



Mark Zuckerberg, CEO, Facebook

1. Platform Prater: How does one get good PR for organizations that work mostly in the dark? For the **FBI** or the **CIA**, where transparency is difficult and often illegal, it's tough to be specific about disasters they prevented. So it was refreshing to see a **Google** exec, director of sustainable ads **Scott Spencer**, offer an inside look at how Google blocks bad ads and fake content. "In 2017, we took down more than 3.2 billion ads that violated our advertising policies," he wrote in a March 14 post. That's a bit more than 100 bad ads per second. "This means we're able to block the majority of bad ad experiences, like malvertising and phishing scams, before the scams impact people." More statistics: Google blocked 79 million ads "for attempting to send people to malware-laden sites, and removed 400,000 of these unsafe sites last year...[it] removed 66 million "trick-to-click" ads as well as 48 million ads that were attempting to get users to install unwanted software." Google, he writes, removed 320,000 publishers from its ad network for violating policies and blacklisted nearly 90,000 websites and 700,000 mobile apps. Google removed 2 million pages for policy violations each month. After expanding a policy against "dangerous and derogatory" content in April 2017, it removed ads from 8,700 pages. Fake news is also on the radar. Google reviewed 11,000 websites for content scamming and blocked more than 650 and terminated 90 publishers from its network. A frequent violation, Google says, is scraping content. Scraping occurs "when bad actors try to make money" quickly by copying news or content from other sites." Google blocked more than 12,000 websites for scrap-

ing in '17. Another scam is using an ad that looks like a sensational headline, such as "**Ellen DeGeneres** adopts a baby elephant!" to sell diet pills. Google suspended more than 7,000 AdWords accounts for tabloid cloaking violations, up from 1,400 in 2016. So the Internet isn't quite the lawless Wild West we thought it was. Google and Mark Zuckerberg's **Facebook** likely will need to exhibit more such transparency as they deal with government regulators and Facebook's links to alleged Russian meddling in the 2016 U.S. presidential election and the **Cambridge Analytica** affair. At press time March 19, Facebook shares were down 7% and its market value was reduced \$37 billion on reports of Cambridge Analytica's obtaining profile information of Facebook users. – In a slap at **Amazon**, **Google** unveiled Shopping Actions, billing it as a way for retailers to drive "better transactions"(read: transactions that don't end in a purchase on Amazon). Shopping Actions lets retailers list products on Google Search, Google Express shopping and Google Assistant on mobile phones and voice devices, *Reuters* reports. In exchange, retailers pay Google a piece of each product purchased. Searches on mobile for "where can I buy x product?" are up 85% during the past two years, Google says.



Elizabeth Holmes, Founder, Theranos

2. News Bits: Considering the amount of coverage this and other publications devoted to medtech startup **Theranos** and its founder **Elizabeth Holmes**, the denouement seems anticlimactic. After allegedly hoodwinking investors, doctors, patients and brands such as **Walgreens** about a blood-testing machine that miraculously promised to conduct a multitude of tests on a tiny sample at a

fraction of the cost of standard testers—and refusing to answer media questions about it—the Theranos machine eventually was shown to be bogus. Last week the **SEC** charged Holmes and former Theranos president **Ramesh Balwani** with fraud. Just two days later, March 16, Holmes agreed to pay a fine of \$500K, surrender most of her Theranos stake and not run a public company for 10 years. No prison time for Holmes, who deceived so many people—including



Tim Sloan, CEO, Wells Fargo

doctors and patients—seems like a slap on the wrist. – Whom to believe? The *Wall St Journal* reported March 16 **FBI** agents interviewed some of the 14,500 wealth management employees at crisis-riddled **Wells Fargo**. At our press time yesterday, Wells Fargo denied any employee was interviewed. The Journal stood by its reporting. The **Justice Department** earlier this month ordered Wells Fargo to look into irregularities in its wealth management unit. – In spite of Wells Fargo's issues and poor performance in 2017, CEO **Tim Sloan** is set to receive a 35% pay raise (\$17.5 million). Some shareholders are contemplating blocking the pay hike, the *New York Post* reports. – **Golin** launched **Have Her Back**, a movement to commit to gender parity in creative leadership. Have Her Back is grounded in hiring, training and creating cultures of empowerment, Golin said. Golin committed to doubling the percentage of women on its ideator track working toward executive creative director roles yearly through 2020.

3. People: Veteran tech communicator **Ryan Donovan** joined **Ruder Finn** as EVP/MD of its SF office. His resume includes senior positions at **HP**, **Sitecore** and **SanDisk**. – **Mark Crumacker** is out as **Chipotle's** CMO. The move coincides with the departure of high school chum/Chiptole founder **Steve Eils** as CEO. The new CEO is former **Taco Bell** chief **Brian Niccol**; Eils remains chairman. ■