

Wayfair Human Trafficking Conspiracy Theory Crisis:

A Crisis Analysis and Recommendations for Best Public Relations Practices

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Wayfair Human Trafficking Conspiracy Theory Crisis: A Crisis Analysis and Recommendations for Best Public Relations Practices

In July of 2020, Wayfair, an international furniture selling and shipping service ran into a sex trafficking crisis and conspiracy theory that has left the media ringing since. Through a case study analysis of Wayfair's brand, public relations, and background, this report will first determine who Wayfair is and their brand identity, identify the timeline and key details of this crisis, and demonstrate the need for strong relationships with their stakeholder groups and the potential for reconciliation through an informed executive council.

Research Case Study Analysis

Organizational Research

Wayfair's Story

Wayfair is considered one of the sixth-largest home goods e-commerce companies based in the U.S. with sales cresting for the last 6 years since the company went public in 2014. The company has just reported a net revenue of 6.63 billion in their second quarter of 2020 according to "Digital Commerce 360," and it has been one of their best years in profit (2020).

Founders and CEOs, Steve Conine and Niraj Shah met at a summer program at Cornell University where they quickly became friends since they both shared similar passions in engineering and entrepreneurship. Their journey with entrepreneurship started when they both created a business plan that sparked their interest in the field and became the beginning of creating and building more business in the technology sector (Wayfair 2020).



Founders and CEOs Steve Conine and Niraj Shah

In 2002, Conine and Shah started on a shoestring budget, first selling stereo racks and stands online which eventually soon grew into one of the largest e-commerce destinations where they now have more than 270 separate websites. Their idea that surrounded the many websites was search engine optimization. Conine and Shah understood that by offering a wide range of products of different sites, most customers were likely going to stumble across them in a Google search and find one of their many websites. According to an article on “Business Insider,” by 2010 the company had about 4.8 million customers and had reached sales of about \$380 million.

In 2011, Conine and Sha combined all of their e-commerce sites and Wayfair.com was founded (2020). Within a year Wayfair had exceeded \$600 million in annual revenue (2020). According to Shah, their first television marketing campaign was a complete success and it helped increase brand awareness from 6% to 27% over the next year (Business Insider, 2014). Additionally, the company expanded at a rapid rate in becoming a household name offering over

18 million different products within a variety of brands. Some of the brands include Joss & Main, AllModern, Birch Lane, and Peri Gold (2020). Their brand growth accounts for the well-known celebrities that have partnered with Wayfair in the past for different collections. Some of these celebrities associated with the brand include Catherine and Sean Lowe, Trisha Yearwood, Eric Church, Martha Stewart, Kelly Clarkson, Lionel Richie, Larry King, Ellen DeGeneres & Jessica Simpson (Newsweek 2020).

Ellen DeGeneres's Collection with Wayfair

ED Ellen DeGeneres

4.6 ★★★★★

ED Ellen DeGeneres is a lifestyle brand inspired by the iconic style, values and personality of founder Ellen DeGeneres. With a passion for interior design, architecture and fashion, Ellen brings her unique vision to this beautifully designed, high quality collection of fashion, home, baby, and pet items. The ED Ellen DeGeneres brand encourages consumers to embrace and express their own sense of style and individuality through all parts of their life. "ED is an extension of my lifestyle and is inspired by who I am as a person. ED is things that I see as a necessity, and things that are playful, too. ED is design that I want to share with everyone. Ellen DeGeneres branded nursery furniture

Most Popular **Top Rated** **On Sale**

The product grid displays various nursery items including cribs, dressers, and changing tables, each with a heart icon for favoriting.

Wayfair's Challenges with Profitability

Even though the company has demonstrated rapid growth since it was founded, its path to profitability has been challenging. The company has failed to become profitable since 2014 with losses in each quarter (Retail Dive 2019). Before the COVID-19 pandemic hit the United States, Wayfair had fallen below \$22 which is the lowest it's been in 5 years (Businesshome.com 2020).

However, it most recently saw one of the first years of profit in a while and some business analysts say that this is due to the COVID-19 lockdowns and an increase of online shopping. While beneficial, it is not a form of sustainable growth for the company yet (Fortune 2020). Wayfair has its most updated information disclosed for investors that can be found on their website including financial statements, stock, press releases, etc.



Wayfair's Profit from 2015-2019 obtained from Retail Dive

Organizational Structure

Wayfair's Promise & Culture

Wayfair's promise is as follows: "Wayfair believes everyone should live in a home they love. Through technology and innovation, Wayfair makes it possible for shoppers to quickly and easily find exactly what they want from a selection of more than 18 million items across home furnishings, décor, home improvement, housewares, and more. Committed to delighting its

customers every step of the way, Wayfair is reinventing the way people shop for their homes - from product discovery to final delivery” (Wayfair.com 2020). The company has focused on technology, innovation, and convenience to bring their customers a wide range of different household products in shopping from the comfort of their home. Wayfair’s commitment is to reinvent the way people shop for their homes in a fast and convenient way. “The beauty of Wayfair.com is that you can find anything you need for your home from household brands to everyday bargains” (Wayfair 2020 0:41).

Wayfair promises its employees a fun and exciting place to work and a dynamic environment that is committed to learning and growth. They are a growing company that offers a variety of careers and it has been nominated by various articles and awards such as the “Boston Business Journal” and the “Boston Globe” as one of the best places to work (Wayfair 2020).

Wayfair’s Mission is Social Responsibility

At the core of Wayfair’s mission is social responsibility. Wayfair believes that strong communities and good business are inextricably linked (2020). In 2014, the company established its first charitable giving program, and ever since the company has continued to make this part of its mission supporting over 100 organizations. Wayfair partners with organizations that play a meaningful role in creating safe and comfortable living spaces because they believe a home “is not a basic human need but the foundation for well-being” (2020).

Wayfair is intentional about the organizations they work with, making sure they align with their vision and goals. In the past, some of their most successful and long-term partnerships include Habitat for Humanity, Cradles to Crayons, Family Aid Boston, Travis Mill Foundation, And More than Words (2020). Wayfair takes their social responsibility very seriously as one of

the values they incorporate and encourage their employees through their charitable program where employees can volunteer their time, talent, and money. Every year Wayfair would set aside \$75,000 to donate to an organization in which employees are also encouraged to submit their charity requests. In addition to their charitable program, Wayfair also has an emergency fund where they can help and respond to crises. In the past, they have assisted communities impacted by Hurricane Sandy through Habitat for Humanity International, responded to the terrorist attack in the Boston Marathon by making a \$50,000 donation, and have delivered more than \$50,000 worth of home furnishings to Habitat ReStore resale outlets in Coastal New Jersey (2020). The company has now over 16,200 people employed and is headquartered in Boston Massachusetts with operations throughout North America and Europe.

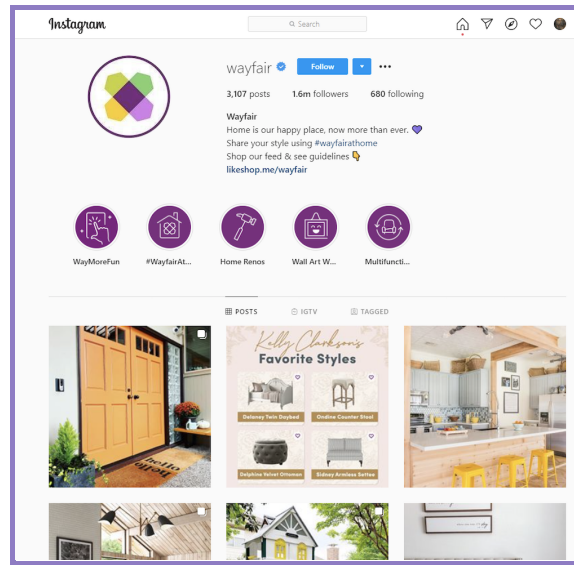
Organizational Research

Wayfair's Public Relations

While the structure of Wayfair's public relations team is not clear, their website indicates that they have an Investor Relations team function which manages communication and relationship development with outside investors as well as a public relations function that intercepts media inquiries and provides news coverage, press releases, press materials, and media assets (*About*, n.d.).

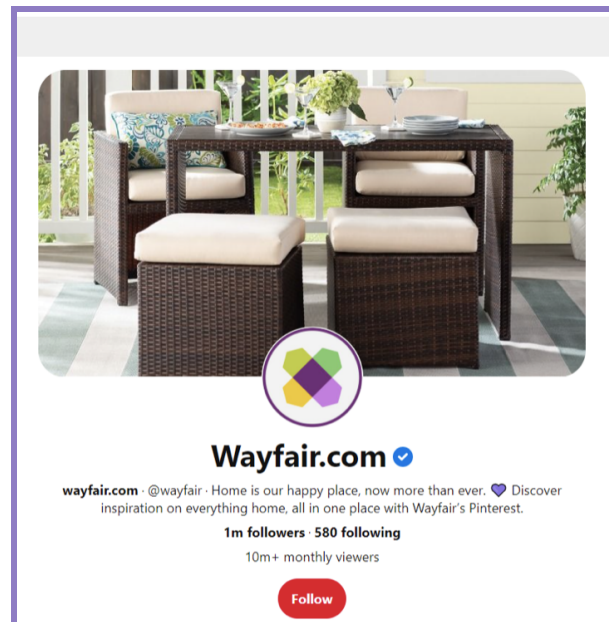
The communication channels used by Wayfair include Instagram, Facebook, Twitter, LinkedIn, Pinterest, YouTube, and its website. The overall tone of their brand's voice is personal, engaging, inspiring, and upbeat. Their messaging focuses on making people feel inspired or

excited about
in a way that is
and each platform
with their audience.



decorating and furnishing
convenient and innovative,
shows they are engaged

Wayfair's Instagram Account

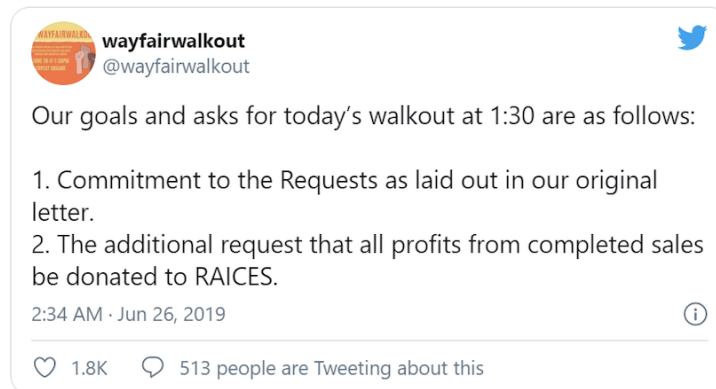


Wayfair's Pinterest Account

Wayfair has mixed sentiment in its media coverage. The company is often praised for its sales and e-commerce business successes in news articles, many of which can be found in their newsroom, but it has also received public criticism on the employee level. Complaints have mostly included low quality working conditions in Wayfair warehouses and an overworking of its employees (*Wayfair - Wayfair Fails to Reinvent Warehouse Work Culture Despite Claims of Progressive Work Life*, n.d.).

A notable internal crisis occurred in 2019 when Wayfair employees found out that some furniture sold through Wayfair was being sent to immigration detention centers. Employees expressed concerns internally, demanding that Wayfair cease business with contractors that operated detention centers. In response, Wayfair released a statement expressing its neutrality on the situation, but since the response was not made by the executive team and the demands were not met, employees planned a company-wide walk out of around 15,000 employees. The walk out, coined the #WayfairWalkout garnered media attention and caused other companies such as Square to stop partnership with Wayfair until they ended the contract. Wayfair continued to refuse to end their contract with the detention center, demonstrating a failure to listen to its internal stakeholders, which led to the rapid spread of negative news coverage on the company as well as the termination of relationships with other organizations (Gose, 2019).

"We love Wayfair & working there. We don't want to smear the CEOs. We just want to be able to feel proud of the work we do there," organizers behind the official [@wayfairwalkout](#) Twitter account said in a direct message.



In a [letter](#) sent Monday that [@wayfairwalkout](#) confirmed was authentic, leadership indicated the \$200,000 sale wouldn't be canceled. "No matter how strongly any one of us feels about an issue, it is important to keep in mind that not all employees or customers agree," it read in part. "As a retailer, it is standard practice to fulfill orders for all customers and we believe it is our business to sell to any customer who is acting within the laws of the countries we operate." Wayfair did not immediately return a request for comment.

#WayfairWalkout Goals

Wayfair's Stakeholder Groups

Wayfair is a large company with many stakeholder groups that are essential to its success. First, their target audience for their communication channels is 45 to 55-year-old women, as their primary buyers are people settling down to raise a family or people purchasing or renting homes and larger apartments. This public has a greater need for furniture and appliances that Wayfair sells. A secondary audience group is the younger generations such as millennials or people

around and under 30 years of age who also shop online, though they have lesser need for the type of furnishings Wayfair provides (Conine, 2018).

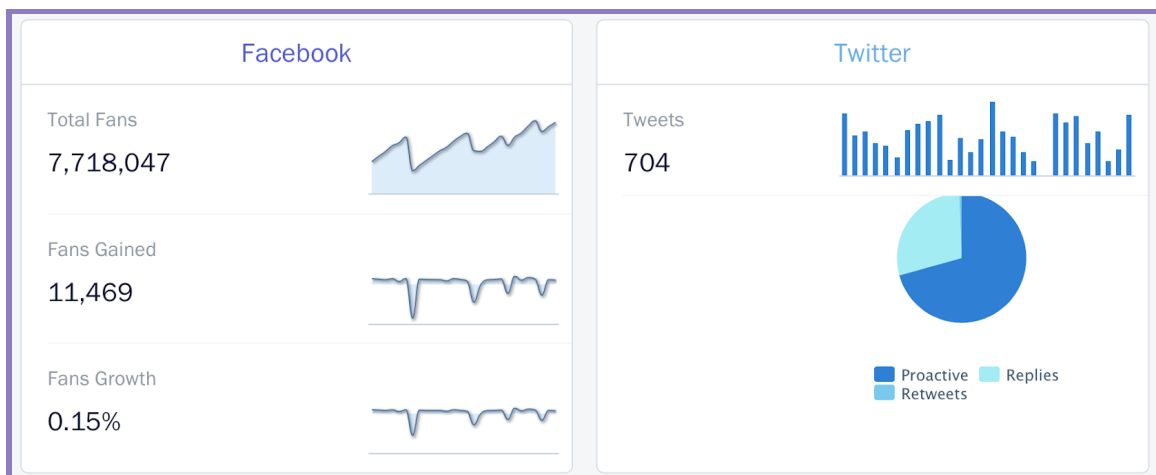
Second, Wayfair has global operations and employs over 16,200 people. Based on the impact of the #WayfairWalkout, employees have shown to be a large and important stakeholder group (*About | Wayfair*, n.d.).

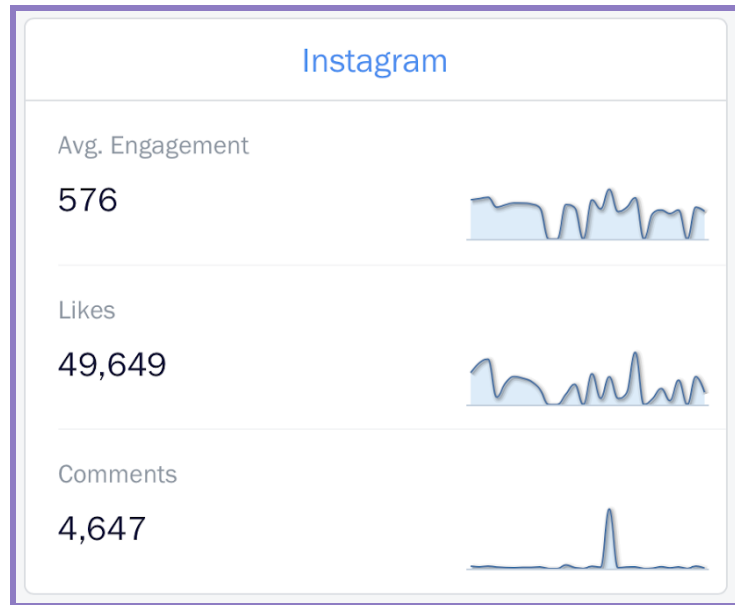
Third, external stakeholders include their investor groups, managed by their Investor Relations team, and various non-profit organizations which they partner with as part of their social responsibility giving back programs. Some current non-profit organization partners include Habitat for Humanity, Cradles to Crayons, and FamilyAid Boston (n.d.).

Social and Media






Media Platforms

Wayfair utilizes 5 different social media platforms with accounts that reach to audiences all over the world. They have American accounts on Facebook, Instagram, Twitter, LinkedIn, and Youtube beyond their website. Because they are an international company, they have a wider reach than just shoppers in the states. Their overall tone must then compliment all of their various publics to maintain their cohesive brand identity. Their most utilized and engaged platforms are Facebook and Instagram. On an average month, they receive thousands of likes on many platforms and new fans often on Facebook.





Analytics of Wayfair's media platforms via Unmetric.com.

| | |
|--|---|
|  Facebook Pages | 4 |
|  Twitter Handles | 4 |
|  Instagram Accounts | 3 |
|  YouTube Channels | 1 |
|  LinkedIn Accounts | 1 |

Overview of media platforms used via Unmetric.com.

Tone

Wayfair's tone is light, engaging, and professional. They do not naturally take on any heavy topics because who they are as a brand and what service they provide for others does not call for that. They are not a political entity so they have had no need to truly connect to their publics in that serious tone. Although not serious, they are professional.

Engagement

Wayfair is an engaging organization. They have found a way to truly use media well to connect together. A few examples of how their teams have facilitated relationships with their publics are through inventive videos and coloring pages. More and more, organizations have started video campaigns to help keep audiences and consumers busy but connected from home. One way Wayfair has done this well is by creating videos of do-it-yourself decorations at home or by publishing free coloring pages that children could color. From there, those finished colorings were encouraged to be uploaded online along with tagging Wayfair on whatever media outlet consumers posted their colorings. This then turned into both a way to connect to consumers, as well as a way to increase their brand awareness.





Example social media posts from Wayfair on Instagram.

Celebrity Partnerships

Wayfair is known to have a variety of celebrity partnerships over the years. In February of 2020, Wayfair announced a new partnership and line release with Kelly Clarkson which caused excitement and interest in its followers. To promote this partnership, Wayfair released a thorough media campaign that has continued up until now. They have been able to stay in good light through the media and on social media platforms.



Celebrity partnership announcement with Kelly Clarkson via Instagram.

Situational Background

Wayfair has enjoyed favorable sentiment as a furniture brand since its founding in 2002. The brand enjoyed very little scandal or controversy in the almost two decades of its existence, aside from a lawsuit regarding state sales tax that was scarcely covered by the media. Wayfair has been considered considerably popular and rose to the top of its market, becoming a competitor of Amazon.

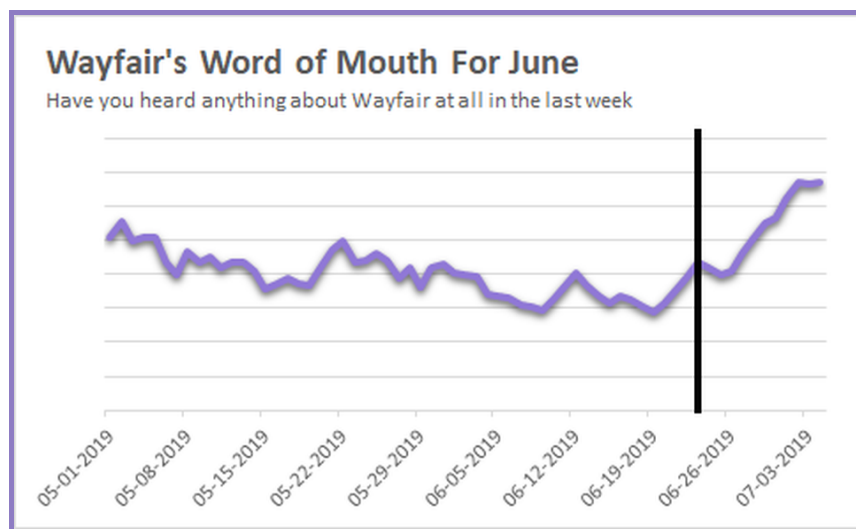
Since its founding in 2002 as CSN Stores, the company rebranded in 2011 and became Wayfair. Since then, it has thrived as the fastest growing e-commerce site in the United States and the second largest, bested only by Amazon. More than seventy-five percent of their business transactions happen within the United States' market. The fast-growing breadth of Wayfair's influence helps us see how the brand shifted from a niche alternative to Amazon for online furniture shopping to a more "big business" image.

This shift in public perception can be attributed to the brand's enormous success in the business world. As it has been studied across a variety of organizations, the bigger and more powerful a brand becomes, the less trustworthy it becomes to the public. A recent Gallup poll states, "Americans are more than three times as likely to express confidence in small business as they are in big business. Sixty-seven percent of U.S. adults report having "a great deal" or "quite a lot" of confidence in small business, far eclipsing the 21% who are similarly confident in big business. Confidence in small business is up slightly from last year's 62%, while confidence in

big business is unchanged.” Wayfair’s popularity as a “smaller” brand has faded in the midst of their huge gains in the e-commerce market. This is a noteworthy change for a brand from a public relations standpoint, and an important factor in the outworking of a crisis.

As a brand becomes larger and more influential and their trust with the public tends to wane, they become more prone to scandals, crises, and conspiracy theories, as we see in the case of Wayfair. While they benefit from the power and stability that comes with being a major business and household name, big companies' reputations are the most cumbersome to maintain in the long term.

Fortunately for the company, Wayfair’s human trafficking allegations have been largely portrayed as a conspiracy theory and a hoax. However, repercussions of the widely spread misinformation still remains a major problem for the company's communications leaders, despite the consensus concluding that Wayfair is innocent. Its 2020 pseudo-crisis, however, is directly impacted by the #WayfairWalkout of 2019 which had lasting effects of negatively perceived political affiliation.



Credit: YouGov.com



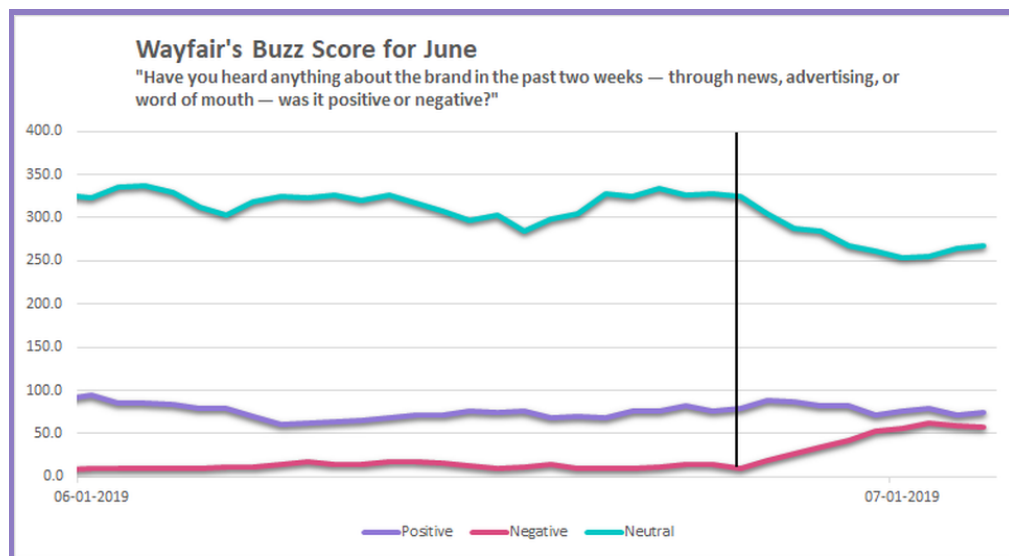
Wayfair employees protesting at the June 2019 #WayfairWalkout.

Setting an unfavorable backdrop for the 2020 crisis, the walkout caused Wayfair to gain widespread attention to the extent of major political figures weighing in on the issue resulting in more media attention in the weeks that followed.

Taking into consideration the pervading political values of Wayfair's workforce and customer base, signing the contract could be seen as a rash decision on the part of Wayfair. The company's administration did not give in to any of the demands made by their employees who participated in the walkout in June of 2019. Although Wayfair did donate \$100,000 to the Red Cross to support humanitarian needs of those at the border, it was not enough to fully assuage the outrage of their workers.



Poster at the Wayfair Walkout Protest.



Credit: YouGov.com.

Media attention and negative press has subsided since then, but has yet to disappear completely. Many would argue that negative sentiment surrounding the brand persisted until July of 2020 and contributed to the impact of the human trafficking conspiracy theory. In 2019, the

Wayfair brand became associated with a government initiative that had been blasted by the



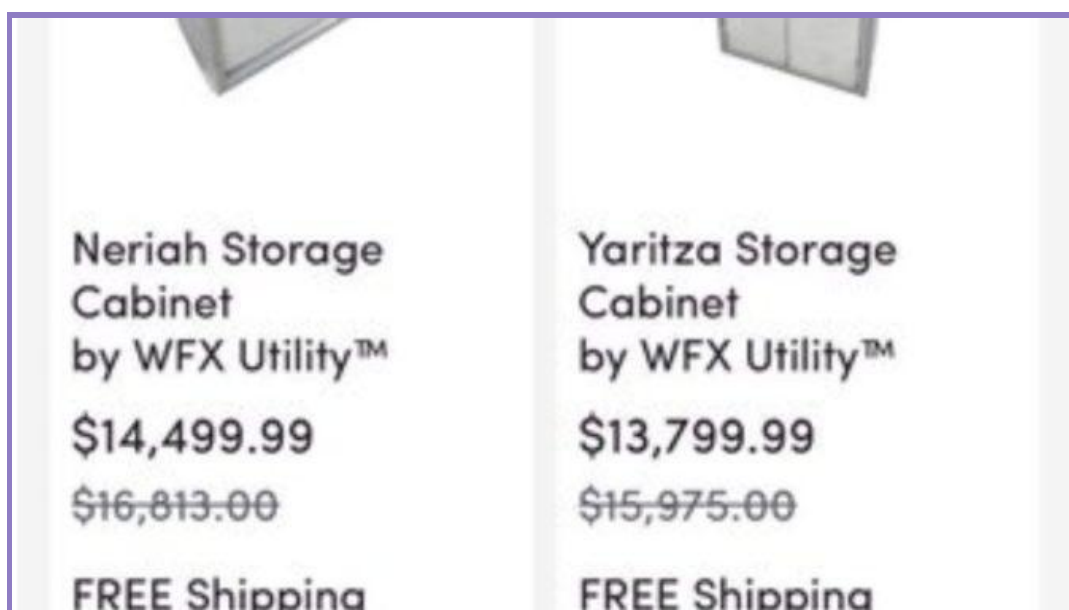
mainstream media as cruel and unfair.

Migrant children at a U.S. border detention facility.

Holding facilities were associated with widely-circulated images of children behind wire fences. For many who were already familiar with the border crisis and had associated the Wayfair brand with maltreatment of children, linking the company to a child trafficking scheme in the following year happened much more easily. This event contributes greatly to the human trafficking conspiracy theory issue because it could be argued that without the border scandal, the brand would have been considered more trustworthy at that point and the conspiracy theory would not have been given consideration by the public.

On July 10th, 2020 Wayfair became the subject of a conspiracy theory accusing the company of trafficking children under the guise of overpriced cabinets. The rumors first began to circulate on the social media site Reddit. A user proposed the theory that these items listed on Wayfair's site, coincidentally labelled with human names and priced at tens of thousands of dollars, might actually be missing children for sale.

This idea was compounded by another internet user who discovered that entering the names of the cabinets into a database yielded results listing various children who had recently gone missing. These findings continued to fuel the idea that Wayfair might indeed be involved in the trafficking of children.



High-priced cabinets with female names on Wayfair

The story continued when an Arizona couple vlogged the process of purchasing one of these cabinets in the hopes of freeing an innocent child. The video has since been taken down and no evidence has been brought forth that suggests their suspicions were correct. Still, the viral video ignited a firestorm that drew media attention to the situation. Wayfair soon defended their innocence in an interview with Business Insider stating that “There is, of course, no truth to these claims”. Other fact-checking websites chimed in remarking that due to the algorithms commonly used on e-commerce sites, some items may inadvertently be priced strangely high. Additionally,

it was asserted that many other retail stores, such as IKEA, also use human names for their furniture products. No official investigations were conducted and no legitimate evidence was found to indict the company. However, even as a conspiracy, there has still been damage done to the reputation of the Wayfair brand. Months after the crisis spread online, users on social media still believe and propagate the allegations of the conspiracy theory.

Fortunately for the brand, when researching the human trafficking conspiracy theory online, the top results on Google immediately absolve the company of any guilt and portray the hype as nothing more than a freak accident. It remains a concern for Wayfair, however, as there are many social media users who are still convinced that the conspiracy theory was true. For most of the past two years, business moguls have warned against buying Wayfair's "toxic" stock and told investors to steer clear of Wayfair on account of their rocky public perception and image. However, this has begun to change slightly since the COVID-19 outbreak and months-enduring stay-at-home orders. Although the U.S. economy ground to a halt, discretionary spending did not. The extra money was diverted away from brick and mortar businesses and almost exclusively towards e-commerce platforms, thus giving Wayfair a substantial financial rebound in spite of their more recent downturn. As the pandemic progressed and economic problems began their slow return to pre-lockdown levels, Wayfair once again became a safe choice for constituents. While this is encouraging, some experts predict that by taking into account all the debauches in recent memory and their current unsteady reputation, more problems with Wayfair's customer base, and therefore Wayfair as a whole, is likely to follow at some point in the future. That is, if the company fails to make improvements in their public relations ventures before their character is called into question once again.

Competitor Research

When assessing a handful of stores, Wayfair stands out when it comes to what they do and the low-prices they sell items for. Again, Wayfair is an online shopping platform that provides an easy and accessible way to shop for a low price. They are well known for their home appliance section and other household products. Because of this, they have many different competitors that are online shopping services that sell similar products to Wayfair. They focus on online and in-store shopping. Wayfair has not extended their products to an in-store shopping experience; however, they are partnered with a handful of top brands that one could buy in person if needed.

Some of Wayfair's main competitors are Amazon, Macy's, and Williams and Sonoma. Majority of these stores are online; however, some of them sell in-store as well. Amazon is majority online and that is where they started their franchise. When looking closely into Williams and Sonoma, they are a "multi-channel specialty retailer of various products for the home" (Craft). They are both online and in-store, but only sell specific items compared to Wayfair where they have all different types of appliances from different brands. Lastly, Macy's has a wide variety of what they sell to consumers and only a section of their store is home appliances and entertainment products.

Wayfair's top competitor is Amazon because not only do they share the spotlight as e-commerce destinations, but their sales and productivity are very similar. Amazon has a wide variety of products whereas Wayfair focuses on a specific market of appliances like "bedrooms, living rooms, kitchen and dining, home entertainment, and bathrooms" (Craft). This still puts them close on the list because of how they have similar products that they sell and started on an

online platform. In addition, they are tied in 2nd with Amazon for their culture v.s. competitors. These statistics focus on how their internal and external company runs and who makes up their companies. Wayfair and Amazon are both at a 74/100. However, their CEO score is 1st compared to other companies that they are competing against for consumers (Comparably). Niraj Shah is ranked higher than the CEO of Amazon, Jeff Bezos. Wayfair is also 2nd on their competitor list for their gender score, diversity score and employee net promoter compared to Amazon, which puts both of them high on the list. Amazon does pass Wayfair on a lot of these scores, but majority of them are tied because of how the companies are run and what they do to provide for their loyal consumers.

After Wayfair's public relations crisis of 2020, the majority of these scores decreased. However, Wayfair is not the only company that has been caught up in a preventable crisis before. In December of 2015, Amazon was caught in a scandal where they were selling a handful of illegal items on the internet. This was the UK branch of Amazon, but still affected Amazon as a whole. They were caught selling different defense items like a "pepper-spray gun" (PCR). The British government was not happy with what was happening and had an issue with what was being sold on their platform. After this was brought to Amazon's attention, they stated that anybody who was selling these items would not have an Amazon selling account if they continued and explained the situation as a whole to consumers. This stopped the selling of the illegal products and that was cleared up. This was not a US scandal, but still took place with people that use and sell on the Amazon website. Amazon and Wayfair may be competitors, but their scandal history is what makes their situation even more difficult and competitive. Another main competitor Wayfair has is Macy's. This is due to their similarities in their stock and how

they run their companies, but because of social media coverage, revenue and price. Macy's has more coverage and brings more revenue because of their greater number of products for sale; however, since they sell their products at similar prices, this puts them in the same field of work. When looking at the culture of a company, Macys is ranked third, right after Amazon and Wayfair (Comparably). All these companies care about their buyers and try to show that in their company.

Macy's had a public relations crisis of their own year back where Macy's employees complained to the head of the company explaining that they were being mistreated by their managers. The Macy's at the "flagship store in Herald Square" is where this problem occurred (NY Post, 2017). According to reports, managers would get frustrated at employees if they helped Asian shoppers. The managers would end up firing them because the employees would tell them they did not approve of being rude to Asian customers and did not like being "harassed" for helping them (NY Post, 2017). The managers would take this as talking back and fire them on the spot. The employees were extremely dissatisfied with the actions of the company and expressed their concerns to corporate leadership. The Macy's corporation released statements about what was going on and paid a settlement of "\$650,000 to settle a racial profiling probe with the New York attorney general's office" because of how not only did they turn away asian customer, but the they turned away "black customers shopping" at that location (NY Post, 2017). Macy's paid the suit and addressed the situation of racial profiling them. Macy's and Wayfair are competitors and must be aware of what other companies are doing to try to rebuild trust after crises occur.

Lastly, another large competitor of Wayfair's is Williams and Sonoma. They have a similar amount of employees that work for them and sell similar products. Williams and Sonoma has in-store locations compared to Wayfair, but Wayfair has more headquarter locations overall across the globe. Wayfair passes them up quite a bit in their numbers that compare the value of the company, but Williams and Sonoma has a better social media presence like Macy's does. When comparing the valuation, Wayfair is 28 billion dollars and Williams and Sonoma is 8.2 Billion (Craft). However, this does not mean that they make Williams a lesser competitor than the others. They both still sell furniture and different appliances that could compete when consumers are trying to figure out which company they should buy from.

When looking at different public relations scandals that Williams and Sonoma have found themselves in, there is not any that come up. It is found that Wayfair and Williams and Sonoma have a good public relations crisis team that can handle what comes their way; however, a crisis that they are having is how they need to close "a number of underperforming domestic stores in light of consumers' shift online" (Retail Dive, 2018). This is good for wayfair because they are online shopping sources; however, others companies like Williams and Sonoma know that and are aware of how online is the new popular way to buy appliances for your household for a low price. This gives Wayfair an upper hand for a little while. Williams and Sonoma is having to deal with a certain amount of closures and although that is not a scandal, that is a crisis that has been covered in the media.

Although Wayfair's main competitors were caught in scandals or are dealing with crises of their own, they still could be in the prime position to help build relationships with our publics at Wayfair. They can help rekindle the relationships lost because of it. That goes to their benefit.

Learning from other companies' crisis response strategies can benefit companies' overall presence and help prevent the same problems from occurring.

Leadership Analysis

Situational Analysis

As previously mentioned in the research section, Wayfair's conspiracy theory situation became a problem when a user on Reddit posted the theory regarding Wayfair. Their primary concerns were the suspiciously high prices for certain items and that they were named after women.

User PrincessPeach1987 wrote, "Is it possible Wayfair is involved in Human trafficking with their WFX Utility collection? Or are these just extremely overpriced cabinets? (Note the names of the cabinets) this makes me sick to my stomach if it's true." The cabinets in question were those named Alyvia, Neriah, Samiya, and Yaritza and they were priced between \$12,699.99 to \$14,499.99 each.

People are suspecting that they're selling people in these large boxes/ storage cabinets on Wayfair. They all are the same product but have different names, all female names. And they are all priced \$10-15k more than

Instagram post promoting the conspiracy theory

The story was picked up quickly by the mainstream media, and at that point most sources had classified the theories as “false claims.” Most articles put out by major news outlets were in support of the company’s claims and encouraged the public to verify the facts before believing a far-fetched theory. The story garnered over 4.4 engagements on Instagram and over 12,000 posts across other social media platforms, with even more coverage from the media.

In conjunction with the crisis, the National Human Trafficking Hotline, issued a statement that explains that they received hundreds of calls concerning the Wayfair accusations, “While Polaris treats all calls to the Trafficking Hotline seriously, the extreme volume of these

contacts has made it more difficult for the Trafficking Hotline to provide support and attention to others who are in need of help.”

Wayfair enjoyed a favorable reputation prior to their 2019 and 2020 public relations crises. They gained popularity quickly and their business grew exponentially in their 18 years of operation. Besting all competition in e-commerce aside from Amazon, Wayfair’s target audience of middle-aged women were making the company very successful. They did not receive any negative media coverage or suffer any scandals until their June 2019 #WayfairWalkout employee strike, which ended somewhat peacefully, but had lasting implications for the reputation of the brand. This is very evident in the 2020 human trafficking conspiracy crisis as trust in the Wayfair brand had eroded to the point where much of the public found the accusations feasible.

Since 2019, in addition to dealing with lingering doubts regarding the company’s character, the brand has struggled to recover amidst complaints regarding the ordinary services provided by Wayfair, such as the quality of products and high pricing. The memory of the scandals are fading, but it is worth noting that their ratings have not recovered completely. On ConsumerAffairs, Wayfair’s score hovers around 2 stars. Their customer service ratings on several other sites remain low as well, maintaining an average of 2 stars. This has much to do with the ordinary functioning of the company, but the recent timing of the reviews suggest they could easily have been impacted in the wake of the scandals.

Timeline & Impact

To properly evaluate the strategic plan for Wayfair's crisis response, the exact timeline of the situation must be first understood. On July 8th, a reddit user posted a screenshot of different industrial storage cabinets they found listed for extreme prices on Wayfair's website that were named after minors who had previously been reported as missing children in years prior. This was the first mention of what turned into a major conspiracy theory. These accusations quickly made their way to Twitter that same day. It took 2 full days for Wayfair to officially acknowledge and respond to these trending accusations. On July 10th, a spokesperson for the company denied the conspiracy theory altogether to a few media outlets, including Business Insider. Unfortunately an official statement or press release was never created.

In response to this disconnected response, an Arizona couple fueled allegations against Wayfair in a viral video where they purchased one of the remaining listings of a \$17,000 desk with another name identical to a missing child. As the video exploded on youtube, manufacturers that use Wayfair as a 3rd party source to sell their items began to open their own internal investigations about these odd occurrences.

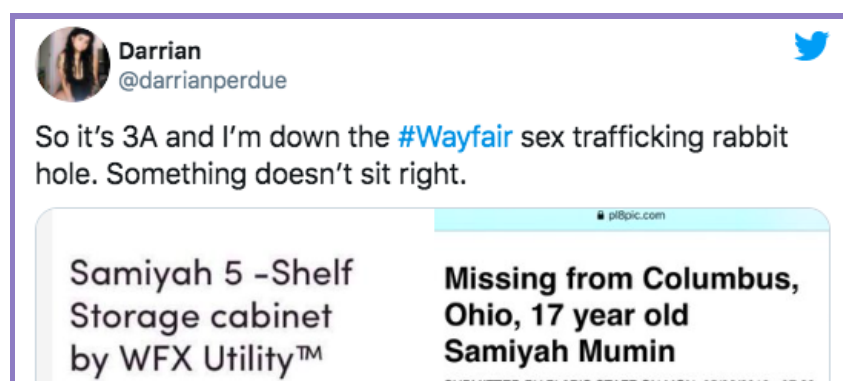
Four days later, on July 14th, people who were closely following the crisis on social media decided to begin searching Wayfair SKU numbers for products with extreme prices and one user stumbled upon a search result on a Russian search engine called Yandex. When SKU numbers were put in with "SCR USA" following, images of missing children flooded their computer screens, reigniting the flames of the conspiracy theory. People began to demand FBI involvement, requesting a full investigation of the situation, but there was never a response made by the FBI.

On July 15th, BBC steps into the conversation and explains the whole conspiracy theory and acknowledges that this has now become a global conversation. Using CrowdTangle, a Facebook-owned social media analytics tool, they find that the term “Wayfair” has generated over 4.4 million engagements on Instagram as well as more than 12,000 posts and nearly a million direct engagements among various Facebook groups and public pages.

As of today, there are still social media mentions of Wayfair in regards to this crisis, especially on Twitter. Since their initial response on July 10th, their only interaction with their publics since has been their annual Way Day. Way Day is a sale event Wayfair holds with up to 80% off discounts which was held this year on September 23rd and 24th. The significance of this happening on this date is that in previous years, it is usually held during the spring, usually in April.

Wayfair’s Response

After the scandal happened in July of 2020, Wayfair took over two days to respond to the crisis and what was being perceived with them on social media and Reddit. Although the spokesperson gave a statement, it was not clear to what was happening and why these products were more expensive than other products posted on their website (Business Insider, 2020). This statement just denied accusations and left it at that. The communication was not clear and this affected their brand image immediately. There was no public relations done for the situation and crisis at hand and that brought a lot of scrutiny to Wayfair.



Business Insider article addressing Twitter posts on the Wayfair Crisis of 2020.

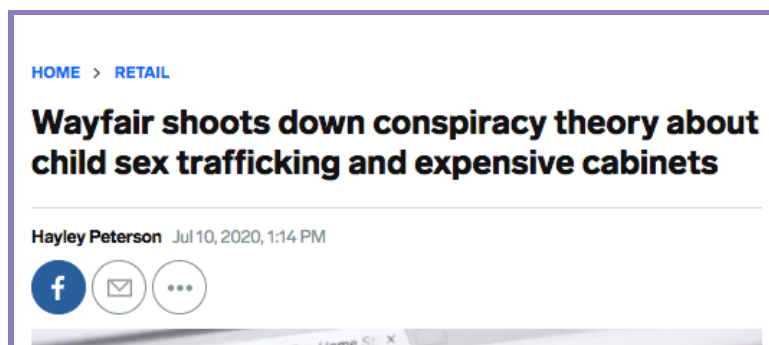
In addition, Twitter during this time was still buzzing with users wondering what had happened and if they should shop with the company anymore. There were Twitter posts that were in “Business Insider” showing how people were connecting the cabinets to missing women at the time which made other users question Wayfair’s image and intentions. Publics online were confused why Wayfair had not given a statement or released a post trying to clear the air for the scandal that has taken place. The only thing that they did was give a brief statement two days later. Twitter and Reddit users were not addressed and that left them thinking that Wayfair was guilty. The communication was not addressed towards the platforms that started the scandal and they were left out of the loop. Not only did internal employees get no information on what had happened, but everyday consumers were affected.

Wayfair did not bring the topic up again for the media until two months later, but it was another brief statement explaining that they were not guilty. Wayfair kept their website up and running and would give large discounts on items; however, followers of Wayfair's just wanted to know if it was ethically right to still buy from their company. Wayfair responded in a way that did not prove their case and then giving large discounts made it seem like they did not care about how people were emotionally affected by what had happened. Twitter users today are still asking about the situation even though this scandal took place a couple months ago. There were brief statements the public got to see that were just denying the accusations, but they are still questioning why they disappeared when it came to communication to outward publics.



Twitter post from October about the Wayfair Crisis of 2020.

Public Relations Activity



Business Insider post about the statement Wayfair made about their Crisis of 2020.



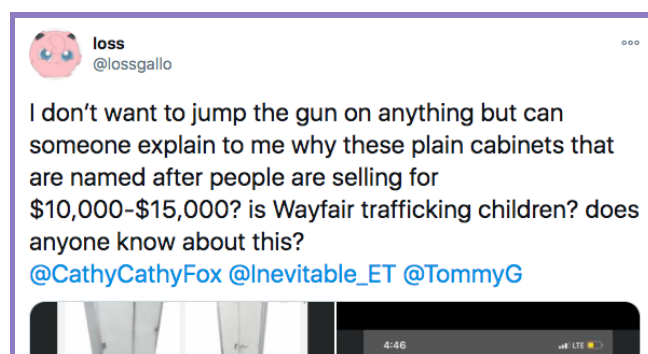
Twitter Post from September about the Wayfair Crisis of 2020.



Twitter post from 2019 addressing Wayfair's Public Relations department.



Twitter post from August about the Wayfair Scandal of 2020.



Twitter post from July about the Wayfair Crisis of 2020.

Wayfair denies Reddit human sex trafficking conspiracy theory

Published July 13 | Crime and Public Safety | FOX TV Digital Team



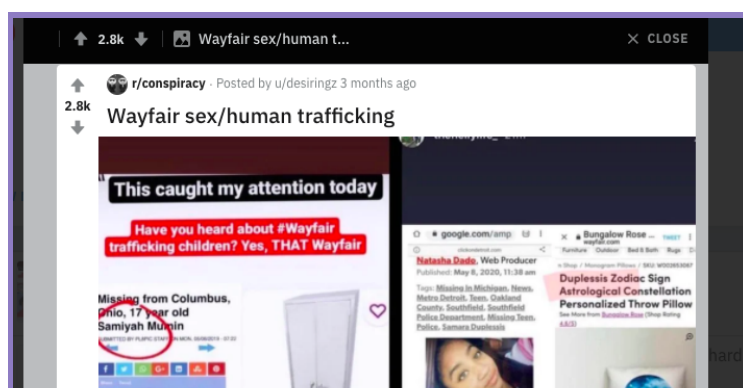
NEW YORK -- Wayfair denied Friday, July 10 that is selling expensive furniture on its website as a front for human trafficking.

A Reddit user on Thursday posted a screengrab of Wayfair's website showing armors that cost five figures with human names for the products, which lead to the user to speculate whether the pricey cabinets were, in fact, people for sale.

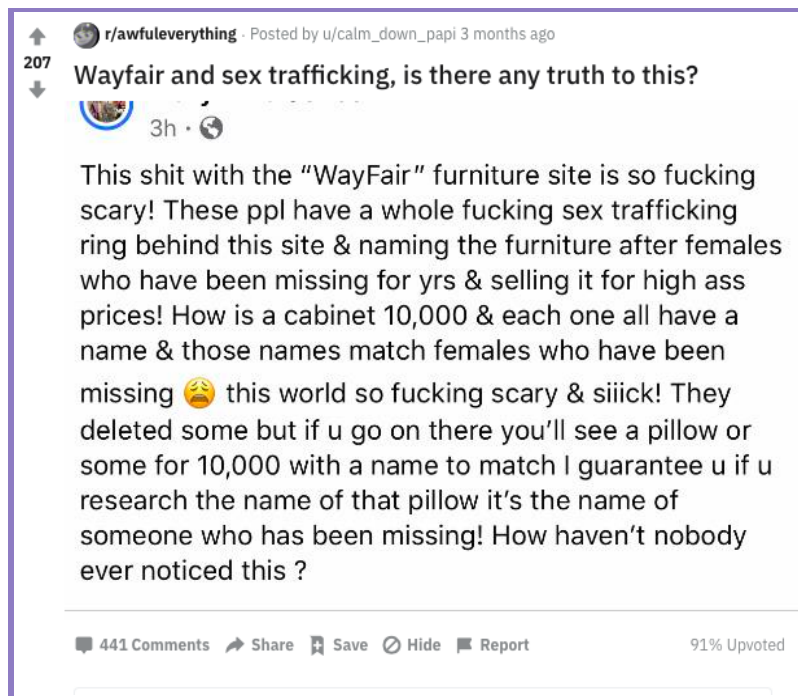
"There is, of course, no truth to these claims," Susan Frechette, a Wayfair spokeswoman told FOX Business in an email Friday. "The products in question are industrial grade cabinets that are accurately priced."

The post to [Reddit's user-submitted](#) conspiracy theory thread, which features [accusations often with little proof](#), questioned if Wayfair's expensive new cabinet

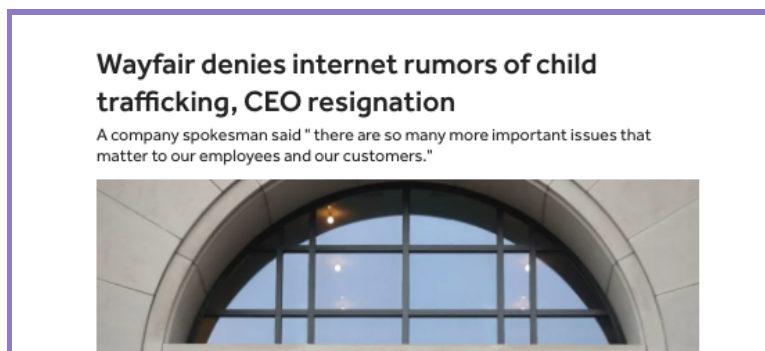
FOX news media release about the Wayfair Crisis of 2020.



Reddit post from three months ago about the Wayfair Crisis of 2020.



Reddit post from three months ago on the Wayfair Crisis of 2020.



Boston findings on the Wayfair crisis of 2020.

Stakeholder and Sentiment Tracking

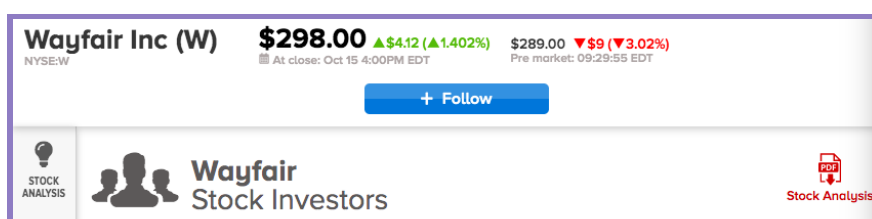
The general sentiment of the stakeholders as a whole before the PR crisis was positive. Consumers loved buying from wayfair and it shows in the statistics about the company. “Fortune” explained that the “number of active customers rose 46 percent to 26 million, as of the end of the quarter on June 30, 2020 (Fortune, 2020). Customers loved how accessible Wayfair was to their customers. They enjoy how everything is online and that the prices were reasonable. In addition, Wayfair has many different campaigns throughout the year that give customers discounts on different trending products. Their general sentiment overall was positive before the crisis and there was not as much negative media coverage about Wayfair before the crisis arose.

Additionally, their “stock... tripled this year on the strength of the spending surge” because of everyone being online as well as everyone being home. This made their business go up and their marketing improved as a whole. The pandemic had people working on their homes

and people that were quarantined would buy from wayfair to do so (Fortune, 2020). They improved their presence online when it came to making their website aesthetically pleasing. When consumers saw their marketing tactics, they wanted to visit the Wayfair website because of how it caught their attention (Fortune, 2020).

On the other hand, during the crisis to now, there was a negative sentiment with stakeholders, customers and social media users because of the accusations coming to the surface on Reddit. Wayfair's lack of communication added to the loss of revenue for the company. Wayfair started to put out different sales on products because of how they lost money and their stats went down because of the negative media coverage. Wayfair "was unimpeded by... the conspiracy started by an anonymous Reddit user [and the] company's shares were down 5 percent." (Fortune, 2020). This brought the negative sentiment and consumers viewed them in a bad light. They were doing well and immediately after the accusations, their stocks and revenue plummeted.

When looking at the pro-crisis sentiment, it is neutral. Consumers don't know whether to invest in this company, buy from them or to stay clear of Wayfair. Wayfair never explained what really happened in-depth to the media and their key publics, which left them confused. This has been shown in recent social media posts (shown in the PR activity section). People were left out of the loop, so the only thing they have to turn to for answers is what the media and journalists have to say. Also, what other individuals on social media have to say about the sex trafficking scandal. Their stocks are neutral and down. They are in a middle area with their stakeholders and the sentiment scale could go either way depending on what they do next to build their consumers trust back and clear up what has happened.



Rip Ranks findings on Wayfair Sentiment Statistics during the Wayfair Crisis of 2020

Theoretical Critique

There are several communications theories that could potentially be applied to the development of the conspiracy theory involving Wayfair, but the theory that best describes what happened is called Attribution Theory. It refers to the tendency of humans to make sense of their world by assigning causes for the events that happen around them. (Coombs, 2006) These attributions may be accurate or inaccurate, but it shows that humans each interpret events differently according to their personal perspectives. Attribution theory has three major components: internal attribution, external attribution, and attribution error. Internal attribution refers to personal factors affecting an individual's interpretation, external attribution refers to the situational factors that affect how a situation is perceived, and attribution error when an incorrect

interpretation is attributed to an event. We can see attribution error specifically in the Wayfair issue.

Attribution theory directly relates to the Wayfair scandal in that people who viewed the overpriced cabinets incorrectly attributed the cause to a human trafficking conspiracy rather than a random output of the e-commerce site's pricing algorithm. This action could have been influenced by a number of factors such as Wayfair previously being involved with border detention centers housing troubled children, the growing awareness of the human trafficking crisis, or the general suspicion of large businesses in the eyes of the American public. In other words, humans naturally try to rationalize what does not seem rational and also have a habit of seeking out "shock value" without fully understanding that we are doing it. (Zhou, 2018)

Attribution theory shows us that this shock value is an internal attribution effect that may have caused the original Reddit user to jump to the topic of sex trafficking in the first place.

Our second theory which this study will recommend for use to the Wayfair brand moving forward is Relationship Management, which is a general theory of public relations that emphasizes balancing the interests of both the public and the organization. (Waters, 2008) A foundational principle to the practice of public relations, relationship management theory comes into play very often in the inner-workings of the public and organizations. (Ledingham, 2006) In several ways, Wayfair neglected these ideals in their initial response to the crisis, such as not taking the allegations seriously and not addressing the claims in a timely manner. As relationship management is a general theory, it can be applied in a number of ways, but most importantly through the re-establishing trust with constituents through clear communication and positive social impressions. (Ledingham, 2003) The end goal of these efforts would be to build rapport

with constituents to the point where they would not accuse Wayfair of heinous crime every time something unusual occurs.

The Importance of Diversity

Diversity in Public Relations refers to giving a voice to publics of all kinds by being particularly mindful of viewpoints different from those of the majority. (Collins, 2004) A very commonly discussed topic in our day, diversity is an essential issue to take into consideration when handling public relations crises. Diversity is an especially important issue for those in the Public Relations vocation who are responsible for reaching people and influencing culture.

Diversity comes into play In the case of the Wayfair scandal; we see the main customers of the online furniture store - primarily middle-aged, reasonably affluent women - showing awareness and concern for a abused and largely voiceless group: namely those caught up in human trafficking schemes. This shows that Wayfair's public is socially responsible and shows care for those who live in a much different situation than they themselves do. In an era of activism, paying attention to diversity issues can "make or break" Wayfair's reputation and relationship with its customer base.

Executive Council

The evaluation of the Wayfair's crisis for our goals were first identified by the disinformation that spread all across social media platforms regarding allegations involving Wayfair with human trafficking. Although these allegations were simply considered a "conspiracy theory" it resulted in the harm of their brand, a decrease of their brand credibility, and a decrease of trust in their stakeholders. Conspiracy theories should be a threat for any organization, their brand & their stakeholders.

According to an article in Psychology Today conspiracy theories are “not really about the actual evidence anymore, but rather about whether a theory is consistent with a larger conspiratorial worldview” (2015). Which is why is extremely important for Wayfair to dismantle any conspiracy theories around human trafficking even if there is not evidence. As a company it is necessary that they address the conspiracy theory before it begins to create a “larger conspiratorial worldview” about the company. On Wayfair's end, although they released a brief statement by their spokesperson addressing the pricing glitches, it was not enough to stop the misinformation from spreading all across social media and other media platforms.

Our First Goal

The goals and strategies being presented are framed around the Relationship Management theory that as stated before seeks to bring balance of both the interest of the public and the organization using a two-way communication model (Waters, 2008). A successful organization-public relationship is developed around common interest and share goals of an organization (Botan & Hazleton 2006). For the first goal, we will be focusing on the organization's interest in order to restore Wayfair's brand credibility.

The first goal of the plan is: To address misinformation related through to Wayfair tough media relations in order to increase brand credibility within the next 60 days

The first goal for targeting misinformation will be Wayfair releasing a statement of their own newsroom. In this case, Wayfair will be utilizing existing resources such as media relations. Wayfair already has a platform where they post press releases and any important updates about

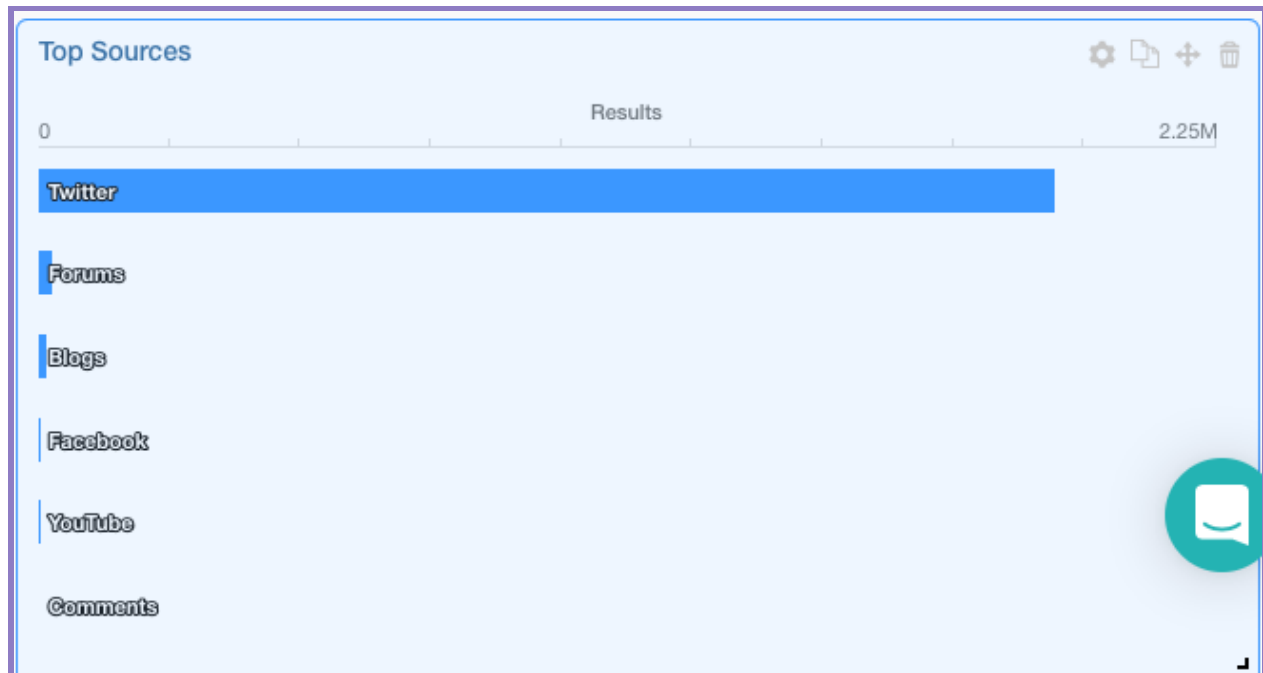
the company. We recommend Wayfair utilizing their newsroom for fast and effective communication and to release a full statement that addresses key facts and evidence that pushed back any allegations against the company. Telling the truth to their publics is the first principle since it will provide an ethical picture of Wayfair's values, ideals, and actions (The Page Principles 2020). Our expected outcome of this goal is that misinformation and rumors would be dispelled regarding human trafficking conspiracy and Wayfair. This goal will be accomplished by two strategies:

- Our first strategy will be to release a statement in Wayfair's Newsroom to address specific claims that were made against Wayfair. In the same statement, Wayfair will be acknowledging the severity and sensitivity of human trafficking being a serious problem being faced worldwide, as well as providing a solution from preventing pricing glitches from happening again

A formal statement will allow Wayfair to craft a message that targets their different stakeholders in a way that shows effective communication practices. Public Relations communication practices are the pillars during a crisis, "If a company fails to follow the fundamental principles of crisis communication, the consequences can be far reaching and disastrous" (Anthonissen 2008 pg. 10)

Additionally, as part of the "social responsibility" mission, Wayfair will position itself in a trustworthy and credible place by taking control of the misinformation about their company. Also, during the Wayfair crisis they did not apply basic communication principles since they failed to show full disclosure of information to their publics and allow other sources to have control of the information being shared about Wayfair. The top sources during the crisis were

Twitter which is where the conspiracy theory did first start, Forums, and Blogs. These are not the most reliable sources for Wayfair's stakeholders to be obtaining information about the company.



Meltwater findings on top sources during the Wayfair Crisis of 2020

- Our second strategy will be to create a blog post on their website where they partner up with a human trafficking organization to raise awareness about the realities of human tracking and explain how misinformation and rumors can hurt reducing and preventing human trafficking.

Since Wayfair is known for their active involvement in the community whether is through their charitable program or emergency response fund. Partnering with a human trafficking organization could turn into a positive opportunity for Wayfair to show social responsibility not only as a value but as an action, “public perception of an enterprise is determined 90 percent by what it does and 10 percent by what it says” (The Page Principles 2020).

Polaris, a human trafficking organization released a press release on their website where they claimed to have received hundreds of reports that claim that the online retailer Wayfair is involved in children trafficking (Polaris 2020). Polaris also expressed that due to the extreme volume of calls on their Tracking Hotline regarding Wayfair claims, they couldn't provide support and attention to those in actual need of help (2020). If Wayfair were to also respond and collaborate with a human trafficking organization like Polaris, it could be an opportunity for the company to raise awareness about how misinformation can reduce human trafficking prevention, it will also increase positive coverage for both Wayfair and a human trafficking organization, and the opportunity of a new and long-term partnership.

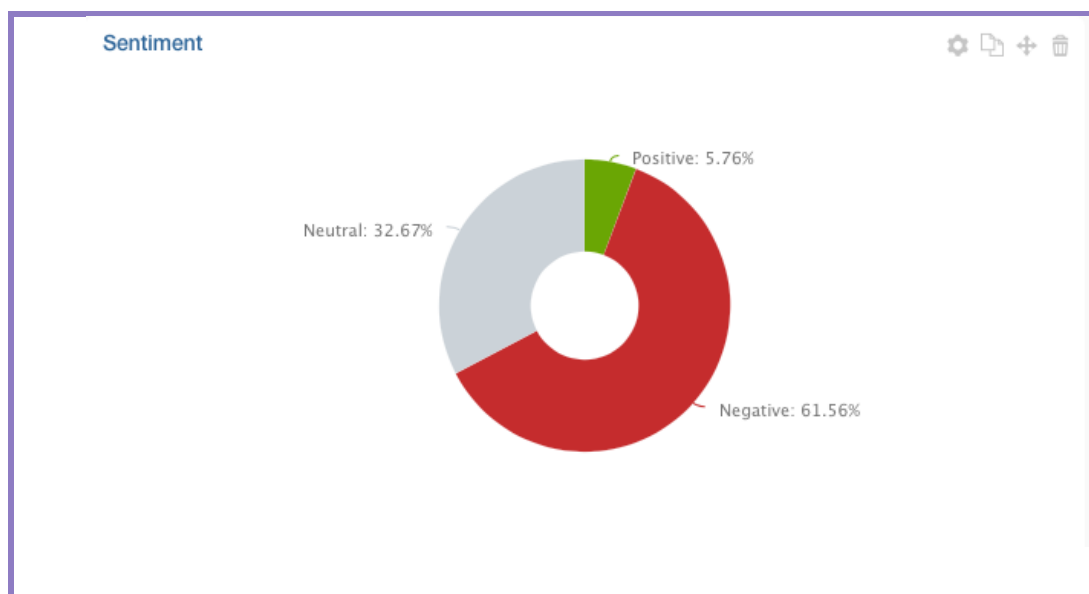
The primary publics for our first goal are Wayfair's active publics being women aged 45-55 as well as online shoppers in their thirties and below, and publics that are aware of the Wayfair situation and recognize it as a problem which we identified to be social media users. Also, we have recognized the intervening publics and influentials group as part of our publics including the mass media and social media influencers. Intervening publics are critical to the success of communication strategy as well as influential groups since they are framing the way the message should be communicated to the primary publics (Creative Commons 2012).

Since time is key during a crisis, the timeline we will be implementing is 60 days. During the first week of the first 30 days of our timeline, Wayfair will be releasing their first statement on their newsroom which is part of the first strategy of our goal. This strategy will drive the primary publics as well as intervening and influential groups to Wayfair's website rather than opinionated articles and social media posts that are spreading disinformation and defaming the

brand. For those 30 days, our team will be monitoring media exposure as well as web traffic via software Meltwater.

- The second strategy will be implementing is at the 30 day mark of our timeline in where Wayfair will then release a blog on their website in collaboration with a Human Trafficking organization.

In using the right keywords in the article, we hope Wayfair can rank for valuable search terms and it turns any negative sentiment and trending themes involving human trafficking towards the brand into positive. Between July 3rd-Sept 19 negative sentiment was 61.59% while positive sentiment resulted is 5.76%.



Meltwater findings on media sentiment during the Wayfair Crisis of 2020

For the first part of our goal, we will be utilizing the Barcelona Principles of measure and evaluation of media measurement. We will be looking at the tone, credibility and relevance of the

medium to the stakeholder, and message delivery (Public Relations News Online, 2020) to evaluate the expected outcome.

Our Second Goal

As the Relationship Management theory emphasizes pursuing not only the interests of the organization, but also of the public, our second goal focuses on the rebuilding of stakeholder trust by showing Wayfair's willingness to listen as well as becoming better equipped to communicate under difficult circumstances in the future (Botan & Hazleton, 2006).

Our second goal is: To rebuild trust with stakeholders by highlighting the transparency of Wayfair's processes and establishing best practices for crisis communication.

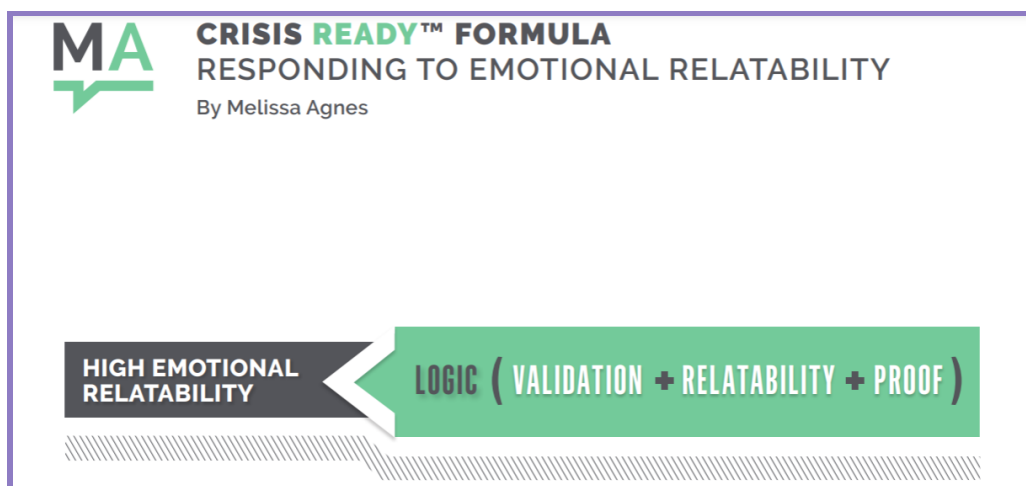
The expected outcome for goal two is that Wayfair will regain stakeholder trust and be better equipped to communicate with emotional intelligence in future crises. This goal will be accomplished by two strategies:

- The first strategy of goal two is to establish a protocol for crisis management and communication to prevent and prepare for future crises that includes best practices for emotional situations.

Wayfair denied the allegations of involvement with sex trafficking, but they did not communicate in a manner that is sensitive to the emotional nature of the crisis. As with any strategy of public relations, crisis response should be implemented with stakeholders' perspectives in mind. As Page Principle 5 recommends, actions should consider stakeholders' values, experiences, expectations and aspirations (The Page Principles | Arthur W. Page Society,

n.d.). By solely denying allegations but not responding to the expressed values or experiences of the public, Wayfair did not demonstrate its willingness to listen to its stakeholders.

According to a study of publics' emotional responses in crisis situations, in preventable crises like Wayfair's, the most common emotional response is anger -- attributing blame to the company. Based on its findings, the study recommends an organization create a response strategy that diffuses publics' anger at the start of a crisis situation, and not simply provide information and logic in response (Zhang, 2015). To create this emotionally aware response, we recommend Wayfair follows crisis management strategist Melissa Agnes' Crisis Ready Formula for Responding to Emotional Relatability. This formula -- pictured below -- is designed to help a company communicate with emotional intelligence, recognizing that the public's emotion -- whether rational or not -- will impact its relationship with the company (*Crisis Ready Formula for Responding to Emotional Relatability*, n.d.). As the topic of sex trafficking provokes strong negative emotions in publics, it's important that Wayfair does not just provide facts and logic, but that it empathetically acknowledges the felt hurt of its audiences.



Melissa Agnes's Crisis Ready Formula for Responding to Emotional Relatability

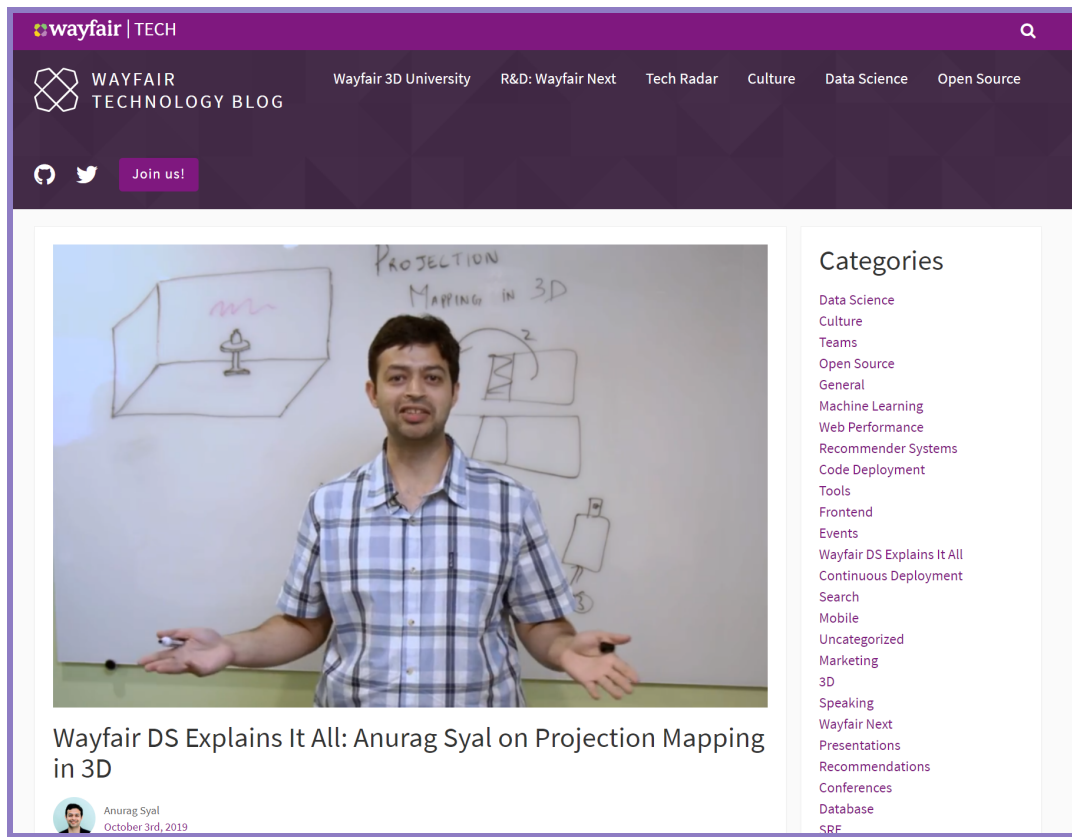
- The second strategy of goal two is to create a post on the Wayfair Technology Blog that answers frequently asked questions about Wayfair's processes for pricing, product naming, and purchases.

This strategy aligns with the first Page Principle -- Telling the Truth. This principle emphasizes providing an ethical accurate picture of the company's character, values, ideals and actions (The Page Principles | Arthur W. Page Society, n.d.). By putting speculation to an end by being transparent about the business's processes, Wayfair will not only rebuild stakeholder trust, but it will also show the company's willingness to listen to its publics.

According to communication scholar of the University of Technology Sydney, Jim Macnamara, there is a gap in proper implementation of two-way communication in the world of public relations. According to the research presented in his article, "...organizations listen

sporadically, often poorly, and sometimes not at all” (Macnamara, 2017). He asserts that companies create an “architecture of speaking” that should be counterbalanced by the creation of an organizational “architecture of listening” that requires creating a culture of listening within the organization (2017). As Wayfair’s history has shown its failure to listen to internal and external stakeholders, such as in the case of #WayfairWalkout of 2019, it is important that the company begins to show their publics that they have listened to their concerns and desires for answers. As the second Page Principle -- Prove it with action -- asserts, “public perception of an enterprise is determined 90 percent by what it does and 10 percent by what it says” (The Page Principles | Arthur W. Page Society, n.d.). Therefore Wayfair must not only listen, but also act in a way that shows it is listening by directly answering the concerns of the public and providing the facts they desire.

To seamlessly provide this information to their stakeholders, we recommend the use of the Wayfair Technology Blog for this strategy. The Wayfair Technology Blog is a hub for resources for learning about what goes on behind the scenes at Wayfair. This includes categories like code deployment, events, culture, data science, software, and more. We believe the blog, along with promotion of the post on social media, will serve as an effective platform to directly address the questions that are circulating on social media. Notably, how they name products and how they are priced as these were the primary concerns of the public.



Wayfair Technology Blog

The primary publics for this goal are Wayfair's active publics being women aged 45-55 as well as online shoppers in their thirties and below. Presented with the rumors online, these publics may have a damaged view of the company that may have had a more positive outcome had the organization been prepared to respond with emotional intelligence and actively listen to their questions. As this group has displayed value for social responsibility in their concerns about the allegations made against Wayfair, their trust will more effectively be rebuilt with direct, logical responses tempered with emotional intelligence. The secondary public for this goal is Wayfair's aware publics. These include the organizations that partner with Wayfair as well as

their stockholders. Demonstrating their commitment to transparency will establish credibility and win back any lost trust from these publics.

With the internet's ability to quickly spread information, or misinformation, time is of the essence for an organization's crisis response (Public Relations, 2014). Since Wayfair's crisis took place on the internet, its ideal timeline to act on our second goal should be around 60 days -- 30 days after the deadline of the first goal. Within 60 days, Wayfair's public relations team will internally release a revised crisis communication protocol to include best practices for responding in emotional situations. Within a week of the next 60 days, Wayfair will release a blog post on the Wayfair Technology Blog answering the frequently asked questions that have been circulating on social media.

Conclusion

Beginning with a case study analysis of Wayfair's brand, public relations, and background, this report demonstrates that the company has great potential for strong relationships with its stakeholder groups due to its scope and impact. Faced with the preventable crisis of false allegations against the company, Wayfair failed to respond sensitively and in a timely manner, resulting in damaged company credibility and loss of stakeholder trust.

Applying Attribution Theory to the crisis, we found that the public committed an attribution error by incorrectly interpreting Wayfair's situation and attributing the cause to a human trafficking conspiracy -- largely due to media influence. Moving forward, we recommended adhering to the Relationship Management theory which emphasizes balancing the interests of the public as well as the organization to rebuild trust with its stakeholders. As

Wayfair failed to act on the interest of the public in its response to the allegations, it is essential they seek to build rapport with their publics to establish trust for future crises.

Keeping the key stakeholders and their communication needs in mind, we provided executive counsel in the form of two goals with two strategies each. Our goals were designed to first look back and address the misinformation of alleged involvement with sex trafficking and then to look forward to rebuilding trust by setting standards of transparency and emotionally intelligent communication in order to show Wayfair's commitment to repairing its relationship with its stakeholders and rebuilding its credibility as a company.

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Cohort 3 - Group Contributions

Organizational Research - Stephannie

Organizational Structure - Stephannie

Wayfair's Public Relations - Marie

Wayfair's Stakeholders - Marie

Social and Media - Katie

Situational Background - Kiana

Competitor Research - Gabby

Situational Analysis - Kiana

Timeline & Impact - Katie

Wayfair's Response - Gabby

PR Activity (include appendix with each area) - Gabby

Stakeholder and Sentiment Tracking - Gabby

Theoretical Critique - Kiana

Diversity in PR - Kiana

Recommendations - Part 1 - Stephannie - Part 2 - Marie

Conclusion - Marie

Formatting and Design - Katie