

Overview

- CARMA analyzed media coverage of Dell Computer in US web media and worldwide English-language newspapers following its August 15, 2006 recall, in conjunction with the Consumer Product Safety Commission ("CPSC"), of 4.1 million notebook computer batteries that could overheat and catch fire.

Overall Findings

- While no injuries have been reported from the recall, many stories published the CPSC's statement that it knows of 339 incidents where lithium batteries have overheated, causing minor burns to actual injuries. In fact, **the message that lithium batteries have been known to overheat and cause injuries appeared five times as often as the message that no injuries have been reported in this particular case.** This may be due to widely reprinted AP stories. The AP stories quoted Dell spokesman Ira Williams: "In rare cases, a short circuit could cause the battery to overheat.... It happens in rare cases, but we opted to take this broad action immediately." While Williams represented Dell favorably, the reports also noted that this is the third recall of Dell notebook batteries in five years and ended on a negative note, stating that "the recall comes as it [Dell] battles other questions about quality and customer service."
- Most stories conveyed that Dell has set up a special website for consumers to get information about the recall. However, **only 12 percent of these stories cited the actual web address** of www.dellbatteryprogram.com.
- Dell sources appeared frequently in the news to represent the company's point of view and explain the recall to consumers. Among leading sources quoted, Dell's Ira Williams appeared most frequently. Other Dell representatives included Michael Dell, Jess Blackburn, and Alex Gruzen. Dell spokespeople were much more prominent than Sony spokespeople. In print newspapers, **Dell sources were quoted nearly three times as often as Sony.** One notable exception was a story in the print edition of *USA Today* by Michelle Kessler and Jayne O'Donnell. The online version of the story quoted Dell's Ira Williams and sources from Sony, the CPSC and analyst firms. However, Dell's comments were omitted from the print version of the story. Sources quoted included CPSC acting chairman Nancy Nord, Sony spokesman Rick Clancy, and analysts Roger Kay and Rob Enderle.
- Analysts were largely supportive of Dell, stating that Sony will likely absorb most of the cost of the recall.** However, the leading analyst quoted in web media, Pacific Crest Securities analyst Brent Bracelin, criticized Dell, saying that "Dell is trying to bolster its image and this is certainly not going to help," calling the recall "yet another setback for the company that is struggling to regain share" (*Bloomberg*). Endpoint Technologies' analyst Roger Kay appeared less frequently online, but was the only analyst to appear in print newspapers. Kay offered a more balanced view, saying that while damaging, the recall would not have a lasting impact on Dell and could have a deeper impact on Sony. Kay also made objective comments about the estimated cost of the recall.

Implications

- Dell had a better response to the recall than Sony, with its sources appearing more frequently in the news. However, the media frequently noted that this is Dell's third recall of batteries in the last five years and that the company is struggling with customer service and quality issues. While analysts downplay the financial impact of the recall on Dell, the company should monitor closely customer service and quality news and the presence of its spokespeople in these stories.

Key Statistics

Web Stories Analyzed: 737

Print Stories Analyzed: 35

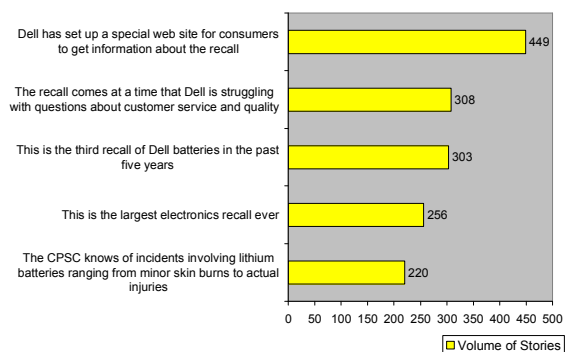
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August 15, 2006 (7:00 am – 9:00 am)

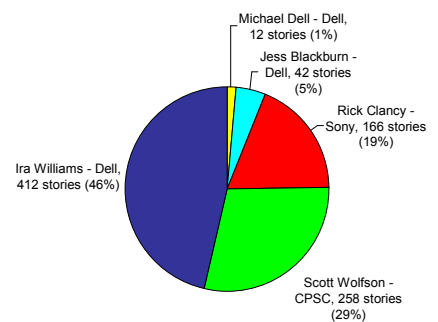
Dell Spokesperson Appearance Rate (Print Media): 37 percent

Average Spokesperson Appearance Rate (2005 CARMA Research): 12 percent

Key Messages in US Web Media



Spokespeople Quoted in US Web Media



Analysts Quoted in US Web and Worldwide English Newspapers

