RECTIFICATION WITHOUT ASSUMING RESPONSIBILITY:

TESTING THE TRANSGRESSION FLOW CHART WITH THE VIOXX RECALL

by

ION VLAD

(Under the Direction of LYNNE M. SALLOT)

ABSTRACT

The purpose of this thesis was to help explain the crisis response strategies that Merck used in communicating its corporate messages in the first four-and-a-half months immediately following the Vioxx recall and how the media responded in their coverage.

Coombs' (1995) repertoire of crisis response strategies was tested to observe if Merck's outgoing corporate messages included both mortification and ingratiation strategies, as prescribed by Coombs' (1995) Transgression Decision Flow Chart.

Merck used both mortification and ingratiation in its crisis management. *The New York Times* and *The Wall Street Journal* reported dominant strategies largely similarly.

It was concluded that Coombs' (1995) repertoire does not allow for corporate statements that employ rectification without assuming responsibility and an additional strategy – "rectification without assuming responsibility" – is recommended for a re-conceptualized flow chart repertoire.

INDEX WORDS: Crisis Response Strategies, Crisis Communication, Product Recalls, Public Relations

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DEDICATION

To my family

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CHAPTER 1

INTRODUCTION

The start of the 21st century has marked a significant increase in the number of high-profile corporate crises in America (Kuhn & Ashcraft, 2003; Conrad, 2003). In 2002, the bankruptcies of giants such as Enron, WorldCom, and Adelphia raised major public concerns with regard to corporate legitimacy.

Notably, beginning in 2004, the medical industry came under fierce public scrutiny in a series of scandals and mishandling that culminated with the landmark Vioxx recall. Merck's worldwide withdrawal of its most profitable drug presents an ideal case for testing and investigating public relations crisis response theory and communication strategies. Through content analysis, this study will look at Merck's crisis management performance, while also observing how this performance was covered by *The New York Times* and *The Wall Street Journal*.

At the same time, the study will analyze the way in which this pharmaceutical company's reputation played a role in the coverage of these two major newspapers. Ideally, the findings will provide valuable insight into similarities and discrepancies between the guidelines provided by crisis management theorists and a prominent corporation's crisis management efforts. The efficacy of response theories such as Coombs' (1995) will thus be evaluated. Finally, like Engelhardt, Sallot, and Springston (2004), this investigation will further examine the manner in which the American press cover corporate crisis, determining if performance history and timing do indeed make a meaningful difference in the reporting, as argued by Coombs (2004).

CHAPTER 2

LITERATURE REVIEW

The Path to the Vioxx Recall

Drug is launched

In 1999, the respected pharmaceutical giant Merck launched Vioxx, an arthritis pain-relieving drug that revolutionized the medical market and quickly became one of the most embraced prescriptions. The following year, in order to further increase the popularity of its drug, Merck spent $161 million on advertising, more than what Pepsi and Budweiser combined invested in their advertising during 2000 (CEOXX Legal Resources, 2004).

Early Challenges

Nevertheless, in November 2000, the *New England Journal of Medicine* published the findings of a Merck trial called Vigor, which revealed that patients taking Vioxx were four times as likely to have cardiovascular complications, such as heart attacks or strokes, as patients taking Naproxen (Aleve), an alternative to Vioxx. In early 2001, the Food and Drug Administration questioned Merck on these troubling findings and ultimately decreed that these complications need to be noted on Vioxx's label. At the same time, the FDA recommended additional research that would eventually provide clarifying answers (CEOXX Legal Resources, 2004).

Pressure Increases

In August 2001, doctors at a Cleveland Clinic reviewed and analyzed the results of a couple of Vioxx trials, concluding that the drug poses significant dangers in the form of cardiovascular complications. September brought a letter from the FDA to Merck

Chief Executive Raymond Gilmartin, which criticized the company's aggressive promotional campaign that minimized or even ignored Vioxx's documented hazards (CEOXX Legal Resources, 2004).

In April 2002, the FDA approved the new Vioxx labeling that Merck designed at the agency's request, which came less than a year before. Despite increasing controversies and skepticism, Vioxx's popularity continued to grow in 2003, when worldwide sales reached $2.5 billion (CEOXX Legal Resources, 2004).

The Fatal Blows

But Merck's enthusiasm did not last. Early in 2004, the company faced a securities litigation. This class action complaint was filed on behalf of several Merck investors who alleged that the company's Vioxx marketing campaign presented the consumers with numerous false and misleading statements. At the same time, the accusers were claiming that company insiders sold personally held shares of Merck for more than $175 million in proceeds (CEOXX Legal Resources, 2004).

Along with negotiating this legal crisis, Merck also had to respond to mounting evidence that challenged the notion of Vioxx's appropriateness and safety. Merck's problems culminated in August, when a new Vioxx trial of 1.4 million people funded by the FDA found that, when taken in low daily doses of less than 25 milligrams, the drug increased the chance of cardiac accidents by 50 percent (CEOXX Legal Resources, 2004).

The Recall

Under immense public pressure and renewed scrutiny, Merck conceded on September 30, 2004, and ordered the worldwide recall of Vioxx. At the same time, the

FDA issued a Public Health Advisory to inform patients of this action and to encourage them to consult their physicians and pursue alternative treatment options (CEOXX Legal Resources, 2004).

A scandal of far-reaching proportions was thus unleashed. National newspapers and prominent medical journals began to question the professionalism of the FDA in enforcing its standards, while many voices also called for a thorough investigation of all drugs in Vioxx's category. On November 5, 2004, the British Medical Journal *The Lancet* made public a study that concluded Merck and Federal officials should have recalled Vioxx as early as 2000, since investigations about the drug were already showing then that it doubles the risk of heart attack among its users (CEOXX Legal Resources, 2004).

The Study

As mentioned at the outset, through content analysis, this study will analyze the manner in which Merck conducted its post-recall crisis management campaign from a public relations perspective. The situation perfectly qualifies for an investigation into crisis response and communication. At the same time, the reflection of Merck's messages in the media will be observed. It will be determined how, if at all, the coverage of two prominent national newspapers reflected the rhetorical strategies employed by the company's spokespersons and in Merck's press releases and news briefings. Articles in the influential *New York Times*, and the most respected business newspaper, *The Wall Street Journal*, following the recall, will be reviewed in order to observe the nature of the press reports on the Vioxx crisis.

The *New York Times* and the *Wall Street Journal* were chosen for this analysis because they are considered by most to have a tradition of embracing opposite perspectives on similar issues. Thus, as Leslie Kaufman notes in *The American Journalism Review* (1993), the *Journal*'s editorial page has a history of right-wing commentary and often sets the tone for the rest of the coverage in the paper. "It's aggressive, unabashedly – nay gleefully – politically incorrect. It pushes its conservative world view hard. It vilifies its enemies with colorful, no-holds-barred language. While many newspapers seem content to fill their editorial page columns with balanced if bland analysis, *The Journal* has a more ambitious agenda: It wants to change the world" (Kaufman, 1993, p. 20). Kim Hart also considers the *Journal*, and particularly its "conservative editorial page," to incline toward the right (Hart, 2004, p.19).

On the other hand, the *New York Times* is perceived by many to have a liberal bias. According to Donald Luskin, "the *Times* has played a role in the debasement of the level of discourse, and the shift of its center toward the left" (Luskin, 2004, p.). On a similar note, Ralph de Toledano argues that, although the *New York Times* had once been an objective, balanced publication, the paper is at present a partisan, liberal news outlet. "What remains now reflects the triumph of ideology and sensationalism over fact" (de Toledano, 2003, p.).

Consequently, the way in which these two prominent newspapers will cover such a high-profile corporate crisis such as Merck's Vioxx recall may provide some interesting contrasts, supporting, or potentially, refuting the previous assertions.

` Finally, the study will look at how the performance history of Merck was reflected in the newspaper coverage. With regard to reputation, it appears to be an axiom that a

company's performance history has a major impact on the public's perception and treatment of a current crisis (Coombs, 1995; Coombs & Holladay, 1996; Coombs, 1998; Coombs, 2004; Lyon & Cameron, 2004). This study will also strive to test this thesis.

Public Relations Theory on Dealing with Crisis

Public relations scholars provide a wide array of literature on effective modalities to manage crises and reemerge with an untainted company image. Chaos theory, impression management, and image repair are three of the most prominent and frequently discussed crisis response strategies.

Chaos Theory

Chaos theory starts from the premise that the real world is too unpredictable, fluid, and complex to be approached from a rigid theoretical perspective in crisis situations (Seeger, 2002). Instead, this theory emphasizes uncertainty, and a high degree of flexibility and adjustment. As Murphy (1996) argues, cause-and-effect relationships do not always materialize clearly. Rather, many natural events violate these expectations due to the multitude of variables (some unknown) that come into play. Thus, a fundamental aspect of chaos theory is the nonlinearity of its perspective.

Unlike Newtonian logic, "chaos theory tells us that we must see the whole before we can see the parts. ... Because it emphasizes uncertainty, open-endedness, plurality, and change, chaos theory runs counter to the goal-oriented, certainty-seeking mode which many public relations professionals and their managements are currently trying to refine" (Murphy, 1996, p. 99).

Murphy (2000) continues her preoccupation with chaos theory and draws from it to create the "complexity theory of public relations." This latter theory has five major

characteristics. First, it values adaptivity over rationality, embracing flexible adjustment rather than long-term rational and schematic projections. Second, like chaos theory, complexity theory is nonlinear, in that it considers outcomes unpredictable and does not necessarily stipulate a “proportional relationship between an early decision and its consequent outcome” (Murphy, 2000). Third, complexity emphasizes coevolution, stressing that individual interactions are shaped by a multitude of variables such as norms, history, power, and resources. Fourth, the theory supports the pattern of punctuated equilibrium, which describes complex systems as organizing “into fairly stable periods that are ruptured, often unpredictably, by periods of turmoil, which in turn subside into new stable periods where radically different values may prevail” (Murphy, 2000). Finally, the fifth characteristic of complexity theory has to do with the ability of complex systems to self-organize, meaning that they are capable to evolve into a new order out of various interactions among their individual parts.

Chaos theory addresses crisis response in a very original way. It considers that at the start of a crisis an organization may have power to influence the events, but this power often fades after a certain escalating point in the development of the crisis. Once this landmark point is reached, the organization will not be able to fully manage any longer. Instead, it must allow the events to sort themselves out and must try to fit “in the emerging aftermath” (Murphy, 1993, p. 106). Such an ulterior re-adjustment will have to take into consideration who or what has become the new attractor, the new focus of the media coverage. Examples of new attractors are management competence, technological skill, or social responsibility.

Consequently, the organization's crisis response will now have to settle around this new attractor and be tailored accordingly. If the attractor changes with time, the company's message should constantly re-adjust. Thus, chaos theory views crisis response as a series of re-inventions and re-definitions affected by what becomes the media's and the public's focus in the crisis. Needless to say, flexibility is essential. As Cottone (1993) puts it, chaos theory "is a science / art /poetic that, like nature, is multidynamic, always changing, rearranging" (p.171).

Consequently, as Seeger (2002) synthesizes it, chaos theory stipulates three axioms. First, precise and confident predictions in regard to the development of the crisis and the public reaction are impossible. Secondly, small variance in communication processes (message content, distribution, timing, etc.) can result in large fluctuations in crisis systems. Thirdly, crisis communication should move beyond the initial post-event reactions to broader renewal and reconstitution rhetoric.

Impression Management

At the organizational level, impression management is primarily concerned with the issues of intent and motive, self-presentation and control, all of which contribute to an organization's legitimacy. Legitimacy is a global or summary belief that an organization is good or has the right to continue operating (Allen & Caillouet, 1994).

Impression management strategies used by organizations include admitting fault (excuses, justifications, apologies), denying the existence of a crisis (denial, denouncement, intimidation), and, most importantly, messages designed to strengthen and boost legitimacy (ingratiation, good intentions).

Of all these strategies, it is expected that ingratiation messages would be the most prevalent in crisis responses, since this strategy is specifically designed to gain public approval and praise by stressing conformity to the laws of the land. Organizational spokespersons utilizing ingratiation in their crisis communication will thus have to “express belief, value, and attitude similarity” (Allen & Caillouet, 1994, p.48). They will strive to convey the good values and intentions of the entity they represent, while also praising the stakeholders in an effort to break the ideological barrier between the organization and its publics and creating the impression of one, big, and united family that shares the same goals.

In order to increase its legitimacy in the eyes of the public, an organization is encouraged to act as a constantly engaged counterpart of the community. Active participation, ongoing communication, and energetic stakeholder relations are key components to a company’s good image, which in turn results into more public support during times of crisis (Taylor, Vasquez, & Doorley, 2003). Thus, notably, impression management is not simply limited to ingratiation in crisis-type situations, but needs to be a continuing effort to build legitimacy through positive social-economical engagement.

Image Repair / Restoration

Closely tied to, if not encompassing, the impression management strategies are the image repair modalities of crisis response. Benoit (1997) acknowledges that image is essential to organizations and defines the two characteristics of an attack that has the potential to lead to a crisis. In such an attack, the accused is held responsible for an action, while the act is considered offensive.

Also, Benoit stresses that “perceptions are more important than reality” and the main issue is not “if the act was *in fact* offensive, but whether the act is *believed* by the relevant audience(s) to be heinous” (Benoit, 1997, p. 178). He replaces the *impression management* label with the one of *image restoration* or *repair.*

Benoit constructs his own chart of image repair strategies and divides it into five major categories of response, which are: *denial* (simple denial, shift the blame), *evasion of responsibility* (provocation, defeasibility, accident, good intentions), *reducing offensiveness of event* (bolstering, minimization, differentiation, transcendence, attack accuser, compensation), *corrective action* (plan to solve or prevent problem), and *mortification* (apologize for act).

Several recommendations are made to an organization facing a crisis. It should avoid making false claims, provide adequate support for claims, develop and nurture reoccurring themes throughout the process of management, and avoid making arguments that may backfire. Of extreme importance is to admit fault immediately, in the instances when mistakes have indeed been made.

While shifting the blame and defeasibility can work to some extent at times, it is of utmost importance to report plans designed to correct and prevent undesirable occurrences. At the same time, minimization is insufficient and quick to lose its effectiveness in front of major trouble.

Crisis Response Strategies Can Work Together

Finally, strategies can work together and a mix of different response modalities is not to be ruled out if there is some general sense of cohesiveness. Notably, Brinson and Benoit (1996) stress that, in many crises, image repair efforts pass through various

stages, “responding to changes in the situation and to the internal evaluation of accusations.” Nevertheless, the authors warn that too much fluctuation can lead to inconsistent statements that will undermine a defense. Ultimately, it is essential that a corporation realizes it best serves itself when it takes responsibility and acts accordingly, not hesitating to engage in mortification and corrective action whenever the evidence of wrongdoing is clear and substantial.

Several contexts of crisis, many of them political, have been analyzed by using Benoit’s image repair theory. President Reagan’s defense of the Iran-Contra affair (Benoit, Gullifor, & Panici, 1991), Richard Nixon’s decision to send troops into Cambodia (Benoit, 1995), Bill Clinton’s effort to alleviate the damage done by his impeachment (Blaney & Benoit, 2001), Prosecutor Kenneth Starr’s defense of his activities that led to Clinton’s impeachment (Benoit & McHale, 1999), Congressman Gary Condit’s attempts to defuse the criticism surrounding the Chandra Levy mystery (Len-Rios & Benoit, 2004), or actor Hugh Grant’s apologies for soliciting the services of a prostitute (Benoit, 1997), are case studies that exemplify the viability of image restoration methods. A common conclusion emerges: apologies and admission of some mistakes do not hurt. On the contrary, some degree of mortification seems to help considerably. Thus, for example, Congressman Condit’s stubborn denial, lack of compassion and genuineness, and differentiation from any responsibility related to the disappearance of Chandra Levy significantly hurt his political career and reputation (Len-Rios & Benoit, 2004).

Similarly, though noting that image restoration strategies can work together, Benoit (1997) cautions against the use of a self-contradictory mix of response types.

Thus, “mortification and bolstering can easily be undermined by denial and corrective action. Some strategies (e.g., mortification and corrective action; corrective action and accident) work well together. In contrast, ‘I apologize but I did nothing wrong,’ and ‘There is nothing wrong with our product and we are recalling it’ simply are not persuasive combinations” (Blaney & Benoit, 2002, p.389).

Crisis Management

The most discussed and most comprehensive strategy of dealing with a crisis context is crisis management. Coombs (1995) notes that the primary goal of crisis management is to maintain an organization’s image, or the public perception of an organization. The strategies he defines are grounded in Attribution Theory, which states that people judge causes of events based on three dimensions: *locus, stability,* and *controllability*.

The *locus of control* deals with whether the cause of an event was external or internal to an organization. *Stability* deals with whether the cause is always there or varies over time. Finally, *controllability* refers to whether the organization can affect the cause or not.

There are two ways in which crisis-response strategies repair damage. One is by altering how publics perceive the three attribution dimensions. The other is by affecting the feelings created by these attributions.

Nonexistence Strategies

The first set of strategies that Coombs (1995) defines are *nonexistence strategies*. They seek to eliminate the crisis by arguing that it does not or did not exist. There are four nonexistence strategies. *Denial* is the simple statement that nothing

happened and that there is no crisis. *Clarification* extends denial and explains why nothing happened. *Attack* is a more aggressive strategy, which directly challenges those who argue there is a crisis. Finally, *intimidation* threatens to use the organizational power against the one(s) who see a crisis.

Distance Strategies

The *distance strategies* acknowledge the crisis while they weaken the link between the problems and the organization. *Excuse* is an attempt to minimize the organization's responsibility. Parts of excuse are *denial of intention* and *denial of volition*. *Justification* attempts to minimize the damage related to a crisis. Part of justification are *denial of seriousness of injury*, claiming that the victim deserved what happened (*deserving victim)*, and arguing that the *crisis event(s) has been misrepresented*.

Ingratiation Strategies

The *ingratiation strategies* seek to gain public approval for the organization by focusing on the positive aspects. *Bolstering* reminds publics of existing bright aspects in regard to the organization. *Transcendence* is an attempt to place the crisis in a larger, more desirable context, while *praising others* is used to win approval from the target of praise.

Mortification Strategies

Mortification strategies take blame and ask for forgiveness. *Remediation* willingly offers some kind of compensation or help to victims. *Repentance* asks for forgiveness and apologizes for the act. Finally, *rectification* refers to corrective action taken to prevent the reoccurrence of the crisis in the future.

The Suffering Strategy

The last major modality of response that Coombs (1995) discusses is the *suffering strategy*. It portrays the organization as an innocent and unfair victim of some evil, outside entity. This strategy is designed to win sympathy from the publics. At the same time, a positive rather than a negative is drawn from the link to the crisis.

Factors Determining Attributions

A crisis has four central factors that affect the attributions that publics make about it. They are the *crisis type*, the *veracity of evidence*, the *level of damage done*, and the *organization's performance history* (Coombs, 1995).

Types of Crisis

In a *faux pas* type of crisis, the organization takes actions it considers appropriate, with no intention to harm. Nevertheless, external agents challenge the appropriateness of these actions. Thus, ambiguity is a major factor in a *faux pas*, since the publics must decide whose story to trust. A *faux pas* is best responded to with *distance strategies*, which would weaken the link between the organization and the problems, and *nonexistence strategies*, since the ambiguity of the situation helps in terms of denying charges.

Accidents are an unintentional type of crisis that take place during the course of normal organizational operations. The unintentional and random nature of accidents encourage attributions of minimal organizational responsibility. *Accidents* are uncontrollable and unstable. They are best responded to with the *excuse strategy*, which weakens the link between the organization and the cause of the crisis, while stressing the organization's lack of responsibility.

Instances of *transgression* refer to a crisis type in which the organization knowingly takes inappropriate, harmful actions. This intentional nature of transgressions creates attributions of internal locus and controllability, making *distance* and *nonexistence strategies* useless in this case. Consequently, *transgressions* are best responded to with *mortification*.

Terrorism involves actions taken by external actors designed to harm the organization directly (hurt employers or customers) or indirectly (reduce sales or disrupt production). Acts of terrorism are product tampering, hostage taking, sabotage, and workplace violence. Given the external nature of the attack and attributions of external locus and controllability, terrorism is best responded to with the suffering strategy.

Veracity of Evidence

True evidence of crisis calls for distance, ingratiation, mortification, and suffering strategies. *False evidence*, or rumors, require nonexistence strategies. In cases where the evidence is *ambiguous*, which are *faux pas* crises, Coombs (1995) recommends nonexistence strategies once again.

Damage Level

With regard to the level of destruction and the corresponding crisis response, *severe damage* is best addressed by using mortification, suffering, distance, and rectification strategies. When the *damage* is *minimal*, distance, mortification, and ingratiation strategies should be implemented.

Performance History

The *performance history* or reputation of a certain company is also a critical factor in determining the best and most effective response. A corporation with a *positive*

history and a good credibility is more encouraged to use nonexistence and distance strategies. Accordingly, a *negative history* and a poor credibility will demand more ingratiation, mortification, and suffering strategies.

Scheme of Response

To synthesize his strategy-selection guidelines, Coombs (1995) offers a comprehensive scheme of response. In the case of a faux pas crisis with false evidence, nonexistence and clarification are necessary for response when an organization has a poor performance history, while nonexistence strategies may work alone when the performance history is good. When the evidence is ambiguous, the recommended response is quite similar, with the exception that ingratiation strategies can also be mixed into the crisis response when the performance history is good. In the situations when the evidence is true, distance strategies should be directed at non-victims, while ingratiation works with good performance history and mortification matches a poorer reputation.

When dealing with accidents, true evidence requires some mortification for the victims if the damage is severe. A negative history makes mortification relevant for non-victims as well. Ingratiation and the excuse strategy also work when the reputation is good, while minor damage fits well with distance strategies. In the case of false evidence, nonexistence strategies work alone when the reputation is good. Clarification needs to be added if the organization has a poor reputation.

True evidence in transgressions requires mortification for both victims and non-victims when the damage is severe. Ingratiation can go along with mortification when the reputation is good. Minor damage still demands mortification for victims, while a mix

of justification and ingratiation can be used for non-victims. False evidence should be responded to with nonexistence strategies and clarification.

Finally, true evidence in terrorism requires the suffering strategy for everyone. When the damage is major, mortification needs to be added, along with ingratiation strategies if the reputation is solid. When the damage is minor, there is no need for mortification, while distance strategies can work very well, coupled with a positive performance history. Once more, false evidence calls for nonexistence and clarification strategies.

Survive Reputational Threats / Thrive Operational Threats

Coombs (2002) makes an additional distinction between the problems that have the potential to trigger a crisis. On one hand, the survive reputational threats “strike at the heart of a reputation and shatter it” (Coombs, 2002, p.341). In these cases, the problematic events are seen as very offensive, contradicting an essential asset that the organization has developed and used in order to gain its reputation. To exemplify, Coombs (2002) refers to Texaco’s racism scandal.

On the other hand, the operational threats typically materialize in a tolerable loss of revenue, which will reduce profits or create minor, yet undetrimental, complications. In this instance, Coombs (2002) cites Burger King’s recall of the Pokeballs, an incident that was costly but did not endanger the company’s financial stability.

A successful crisis management effort will diminish both the reputational and the operational threats. Nevertheless, public relations practitioners need to recognize the precise nature of the crisis before they respond. Routine problems can be dealt with by implementing overly accommodative response theories that focus on the concerns of

the victims and on the threat to the reputation. Similarly accommodative management theories can alleviate situations when the operational threat is still at the thrive level. Notably, in circumstances when the danger of intensifying survival level threats is a reality, the response needs to be more restrained and cautious. “Legal strategies still help victims and seek to repair damage but do not accept responsibility and favor the limited disclosure of information” (Coombs, 2002, p.344).

Support for Crisis Type - Response Type Correspondence

Furthermore, Coombs (1995) supports the use of recommended crisis response strategies with the corresponding crisis types and variables. They stress that the more responsible an organization is perceived to be for a certain crisis, the greater the risk for reputational damage and loss of legitimacy will be. Thus, crisis management modalities can alleviate the hit that the corporation takes by “mitigating the affective feelings generated by the attributions and/or altering the attributions themselves.”

Transgressions are perceived as more intentional than accidents, since the organization is perceived to have greater control over matters. On the contrary, when dealing with accidents, the degree of responsibility attributed to an organization diminishes considerably. Nevertheless, both these two crisis types are regarded as involving little control by external groups or entities.

Evidently, transgressions create greater reputational damage than accidents. At the same time, organizations with a poor performance history and a low credibility are going to be viewed more negatively at moments of crisis than the ones with a good reputation (Coombs, 2004).

Compassion

The need for using *compassion* in crisis management messages and communication is outlined repeatedly. Coombs (1999) argues that “compassion is a valuable symbolic resource crisis managers can use to bolster reputations and account honoring during an accident crisis.” Providing stakeholders with a lot of specific information in the aftermath of an accident is not as effective as thought, unless this sharing of knowledge is accompanied by compassionate tones. Consequently, compassion appears to be a better predictor of account honoring and organizational control than instructing information.

Interestingly, Coombs notes that the more detailed information stakeholders receive, the more there is a feeling among them that the organization could have avoided the crisis. Thus, spokespersons need to be careful in judging how much data they provide. There may be value in general details, unless a certain stakeholder demands specifics.

Compassion also seems to be a key rhetorical tool when dealing with a crisis response strategy where victim needs are a priority for the crisis manager. But its use should not be abused, since the compassionate approach does open the doors to financial and legal liabilities in certain cases, as some degree of blame is accepted. Crisis communicators have to assess all potential impacts of their discourse before embarking on an overly compassionate ride (Coombs, 1999).

Compassion without Blame

Englehardt et al. (2004) reveal a major weakness in Coombs’ (1995) crisis management scheme: it does not allow for compassion without blame. In their analysis

of corporate crisis management efforts in conjunction with the ValuJet Airlines Flight 592 crash in 1996 and resulting newspaper coverage, the authors propose adding "compassion without blame" to Coombs' (1995) accident crisis response chart. According to the Engelhardt et al. (2004) study, Coombs' strategies do not accommodate corporate statements that express concern and sympathy without presenting the company as culpable, at least to some degree. A complication of mortification strategies is that they may encourage lawsuits, which may be won by plaintiffs when a defendant has accepted responsibility.

Thus, adding the "compassion without blame" strategy to the already-existing accident decision repertoire permits companies to express compassion towards victims without accepting blame for the crisis. Also, this strategy allows for compassionate messages that stress a certain level of uncertainty. The organization does not deny anything, does not make an excuse or a clarification; it simply does not offer an answer regarding cause of an accident.

Additional Considerations

Rogers and Storey (1987) remark that a fruitful crisis management campaign involves communication processes at all four levels of analysis: intrapersonal, interpersonal, social network, and institutional. Successful campaigns manage to integrate these processes and produce effects at every one of these four levels. At the same time, it is vital to the success of the crisis response that the organization's internal communication is just as good as its external communication. To accomplish the goal of a cohesive reaction to a crisis, members of the organization have to ensure and maintain the free flow of information and input within the entity they represent. This way,

potential misrepresentations and disharmonies will be dealt with before they reach the public.

Finally, Berg and Robb (1991) narrow their analysis to the essential when they mention that an organization has to respond early enough, communicate enough information, and use the appropriate individuals as spokespersons in order to conduct efficient crisis management.

Corporate Crisis

According to Conrad (2003) and Boje and Rosile (2003), the early 21st century corporate meltdown has vast ramifications and appeared as a result of several processes that developed across the past few decades, such as the ideology–practice-policy triangular formed by the triumph of free-market fundamentalism, the definition of the CEO as a secular savior, and the discourse of the new economy. Overall, the increasing need to be competitive and profitable at all costs and by all means has affected the corporate culture in unfortunate ways, leading to a decline in the enforcement of ethical practices and a rise in opportunism, speculation, and greed.

Consequently, the major corporate crises of the early 2000s tested corporate public relations communicators and practitioners in an unprecedentedly demanding manner. At the same time, academic work analyzing corporate crisis communication has also increased in volume. Given the severity of corporate fraud (Martha Stewart, Enron, Merrill Lynch, etc.), there has been a resurgence in *corporate apologia* literature (Patel & Reinsch, 2003; Seeger & Ulmer, 2003; Hearit & Brown, 2004).

As Hearit and Brown (2004) note, corporate apologia takes place in three ways. The first is denial. The second alternative is to transfer responsibility to another party,

basically shifting blame. Finally, the third apologetic strategy is to accept responsibility through self-mortification, a process often accompanied by a sustained effort to engage in corrective action.

An efficient apologia effort will succeed on two levels. On one hand, it will realistically justify the apologist's problematic behavior. On the other hand, it will provide substantial evidence of measures designed to correct the problem (Hearit & Brown, 2004). All too often, entities fail in their crisis management efforts because they overplay the tactic of blunt denial (Hearit & Brown, 2004; Len-Rios & Benoit, 2003; Tyler, 1997). Thus, it becomes more evident that mortification should not be discarded from the outset, but rather embraced to a degree or another, despite the legal complications it may or may not trigger.

Patel and Reinsch (2003) agree, arguing that corporations in America "can apologize to someone who has been injured by a product or an employee without creating a legal liability for the company." According to these authors, although an apology may boost a plaintiff's case, the record points out that an apology has equal, or even greater, benefits to an apologist's legal strategy.

There are four potential effects of corporate apologies. They include shaping a corporation's reputation, forgiveness and private resolution, the use of an apology as evidence for the plaintiff, and the use of an apology as evidence for the apologist (Patel & Reinsch, 2003). Like Engelhardt et al. (2004), Patel and Reinsch (2003) make an essential clarification: admissibility is never synonymous with evidence of guilt. Thus, the timing, medium, and wording of a corporation's apology are elements that can interact and construct a compassionate and remorseful response that does not

necessarily admit fault. There is a significant difference between “I’m sorry for hurting you,” which takes blame, and “I’m sorry you were hurt,” which doesn’t (Cohen, 1999).

Conveying regret and sympathy, without accepting responsibility, is sufficient and wise in instances when an apology of this nature is enough to appease the discontent of the victims (Patel & Reinsch, 2003). Equally viable are partial apologies, in contexts when the evidence is somewhat unclear and difficult to sort out. From a legal liability standpoint, a company is in a better position if it makes a partial and sympathetic apology early on in the crisis, waiting to make a full apology (if necessary) later. “The statement can be structured to express only sympathy, allowing the corporation to wait until a later stage to make a full apology that admits fault and expresses remorse” (Patel & Reinsch, 2003, p. 23).

To Ulmer and Sellnow (2003), the collapse of Enron signaled an acute crisis of values in corporate America’s leadership and culture. At the same time, Enron’s bankruptcy also exemplified the inefficiency of extremely narrow and preferential stakeholder concerns. Ultimately, in order to make sure their corporations do not stray from the course, CEOs are encouraged to communicate and model appropriate organizational values, to stay informed about organizational operations, and to create the conditions that allow for the recognition, communication, and resolution of problems (Ulmer & Sellnow, 2003, p.23).

Media Coverage During Crisis

Unsurprisingly, the Vioxx recall attracted great journalistic interest. It involves a high-profile pharmaceutical company facing the severe accusations that it misinformed the public and contributed to the harm and even death of numerous patients. Many

reports argue that Merck's CEO, Raymond Gilmartin, knew about the damage that Vioxx causes for years before the recall (CEOXX Legal Resources, 2004). At the very least, even if these claims do not ultimately materialize, it is evident that Gilmartin's organization is dealing with a major shortcoming that has the potential to profoundly destabilize it both financially and from the point of view of reputation.

Merck's third quarter earnings, published on October 21, 2004, clearly point to the negative impact of the Vioxx scandal on the company's stocks and financial operations. Earnings per share (EPS) dropped to a disappointing $0.60, including a $0.25 unfavorable effect related to the company's voluntary Vioxx recall (Merck, Inc., 2004). Commenting on the situation, Merck CEO Raymond Gilmartin noted: "The voluntary withdrawal of Vioxx, with sales of $2.5 billion last year, represents a significant financial loss for us, but clearly was the right course of action" (Merck, Inc., 2004).

The FDA is also in the spotlight, since it plays a major role in the whole controversy. Specifically, the relationship between this Federal entity and the drug companies is called into question. Was the FDA 'bribed' to accept the continuing marketing of Vioxx, or was it simply too loose and negligent in implementing its safety standards? At the same time, how can consumers be sure that other similar drugs, FDA approved and currently still out on the market, do not lead to such complications?

Media Behavior

Analyzing media's role and impact during crises, Lambe, Caplan, Cai, & Signorelli (2003) note the public's increasing disaffection with the media. Nevertheless, an interesting observation outlines that during periods of special unrest and concern people's trust in media's ability to inform and explain this information rises significantly.

At the same time, in the same instances, the public also expects the media to reduce the tension and provide a sense of comfort and well-being (Lambe et al., 2003).

With regard to corporate America, Lee and Hwang (2004) acknowledge the press's increasing dependency and subordination to a constantly converging corporate world. Park and Berger (2004) note that press coverage of CEOs has increased in frequency throughout the 1990s. Not only that there was more focus on corporate leadership, but the perspective on such executives has become more positive. Despite the emphasis on CEO competency and charisma, few stories managed to personalize these individuals. Rather, when covering corporate leaders and their activities, the press was mostly content to "report the news" (Park & Berger, 2004). This last finding supports Ankney and Curtin's (2002) study, which stresses that only 11% of the editors surveyed said that they never publish press releases without assigning a reporter to check information in the release.

When it comes to news coverage about medicine, Arkin (1990) and Johnson (1998) observe an increase in the public's interest. Ankney and Curtin (2002) also note a growing appeal of more specialized and scientific reports on medical matters. This last development finds journalists in a more passive posture, given the specific qualifications and demands of the medical field. Thus, when covering detailed medical aspects, reporters are more likely to heavily rely on expert sources and largely reproduce these people's observations (Ankney & Curtin, 2002).

There is an additional factor that may trigger journalists' overwhelming reliance on medical experts in cases when they report on medicine or on the recent crises in the pharmaceutical industry, such as the Vioxx recall. It has to do with journalists'

documented hostility toward public relations and its practitioners (DeLorme & Fedler, 2003). De Lorme and Fedler consider that such contempt and accusations of manipulation are puzzling, since journalists depend on PR practitioners for information.

Finally, analyzing the reporting on crisis communication in general, Englehardt et al. (2004) find that “little, if any, research analyzing actual news coverage resulting from crisis management has been published” (p. 132). According to them, if corporations facing a crisis manage to survive the initial media onslaught, then they are in a very good position to ultimately overcome the entire crisis.

Reputation as a Factor

As mentioned, up to the outset of the Vioxx crisis, Merck has been an organization with a good performance history. Its credibility was solid, its expertise respected. Significantly, the yearly list of corporate excellence, *Forbes 500*, ranked Merck in a much-respected top 25 from 2001 to 2003, while the organization still captures a high place, number 63, in 2004 (Forbes, Inc., 2004).

Coombs (2004) notes that when crisis involved product tampering and technical-error product recalls, respondents perceived the reputation of the organization with a history of such crisis as significantly more negative than the reputation of an organization without past crises or with an unknown history. At the same time, a history of past crises amplifies and encourages attributions of crisis responsibility. A record of product tampering or defectiveness makes the simple presentation of instructing information (a viable strategy for victimization cases) no longer sufficient for a successful management.

Significantly, when the media do not report any information on a company's previous crises, stakeholders are likely to assume that there were no such crisis situations.

In an interesting analysis, Coombs (1998) observes that an organization with a history of accidents will have to address a new accident as if it were a transgression. The poor reputation immediately triggers the public's perception of high crisis responsibility by the organization. Thus, crisis managers need to take this aspect into account when designing their responses.

Vioxx: The Making of a Transgression

Merck's Vioxx-related crisis can be qualified as a transgression for several reasons. The most important one has to do with the repeated warnings that the company ignored or downplayed the questionable safety of this medicine.

According to *The New York Times*, evidence against the efficiency of Vioxx emerged as soon as 1999, shortly after the FDA approved its sale. Based on independent studies, it appeared that the drug did not control pain better than older and cheaper alternatives, but merely caused less gastrointenstinal problems. In 2000, Merck communicated to the FDA the results of a study called Vigor, which showed that Vioxx posed a four-time-greater risk to the heart than another drug in the same class, Naproxen, sold as Aleve. The company tried to downplay the troubling findings by arguing that Naproxen is a "wonderful drug" with a protective cardiovascular effect, an affirmation that the majority of the medical world considered speculative and unfounded (Warning Signs: E-mails Suggest Merck Knew Vioxx's Dangers at Early Stage, Nov. 1, 2004).

When, in 2001, a group of specialists from the Cleveland Clinic, led by cardiologist Eric Topol, published a study in *The Journal of American Medical Association* associating Vioxx with cardiovascular risks, Merck attacked their expertise and the design of their study in a rather personal manner.

Nevertheless, in 2003, a Merck-funded study found that patients taking Vioxx were at a 39% increased risk of heart attack within the first 90 days, compared with patients taking Celebrex, Vioxx's main competitor. Once again, Merck disputed the results of its own study, "and the name of a company epidemologist who had worked on it was removed from the report before it was published in a medical journal" (Merck and Vioxx: The Clinical Tests, Oct. 1, 2004).

In August 2004, Kaiser Permanente, a large nonprofit health maintenance organization, reconsidered Vioxx for its member patients after a review of the records clearly pointed out that patients taking Vioxx at dosages greater than 25 milligrams suffered more heart attacks and cardiovascular problems than the ones on alternative medications (Merck and Vioxx: The Clinical Tests, Oct. 1, 2004). Using one of its traditional lines of counterattack, Merck questioned the scientific soundness of the study.

Clearly, there was overwhelming evidence that Vioxx endangers the heart, but Merck ignored it. Another reason why the crisis qualifies as a transgression has to do with a lack of independent checks, voices, or studies supporting Vioxx. The only party arguing for the viability of the drug was Merck, a rather questionable defense, since the defender was generally perceived to have a biased interest and perspective in the matter. Thus, it is hard to maintain credibility while denying everyone else around.

A third reason why Merck's case for Vioxx fell short and suggested transgression is the weakness of the Naproxen argument. When the company's spokespeople had to weather the storm of the Vigor trial in 2000, they claimed Aleve has a protective cardiovascular effect. Nevertheless, there were not enough conclusive studies to substantiate the claim. The four years that have passed since then did not bring much good news in this respect. On the contrary, as *The Wall Street Journal* reported on Dec. 21, 2004, "a U.S. government clinical trial showed an increased risk for cardiovascular problems such as heart attacks and strokes in patients taking Naproxen, sold by Bayer AG under the name Aleve" (Heart Risk Seen in Naproxen, Dec. 21, 2004).

Finally, the fourth argument for transgression is provided by the internal e-mails between Merck executives published by *The Wall Street Journal* on November 1, 2004, which reveal that they were clearly aware of Vioxx's hazards a long time ago and concerned with ways to suppress this evidence. According to the *Journal*, on March 9, 2000, Merck's powerful research chief, Edward Scolnick, e-mailed his colleagues to tell them that Vioxx's adverse cardiovascular effects "are clearly there" and that it is a "shame." There are several other similar examples of early internal acknowledgment and aggressive external denial. "In another case, (Merck) warned that a Stanford University researcher would 'flame out' unless he stopped giving 'anti-Merck' lectures, according to a letter of complaint written to Merck by a Stanford professor. A company training document listed potential tough questions about Vioxx and said in capital letters, 'DODGE!'" (Warning Signs: E-Mails Suggest Merck Knew About Vioxx's Dangers at Early Stage, Nov. 1, 2004). Merck responded to the *Wall Street Journal* disclosures by

stating that these internal documents were taken out of context, a defense that hardly refutes these dramatic revelations.

Thus, given the constant disregard of repeated warnings, the lack of independent support for Vioxx, the insubstantiality of the Naproxen comparison, and the grave evidence of the internal e-mails, it can be argued with confidence that Merck's treatment of Vioxx fits within the parameters of a transgression-type crisis.

Transgression Defined

Coombs (1995) defines transgressions as crises determined by the organization knowingly taking inappropriate, harmful actions. Since the organization is perceived to have been in control and to have acted irresponsibly, distance and nonexistence strategies would not be effective, and would have to be replaced with mortification. In the case of Merck and Vioxx, the damage level is severe, since a great number of patients have lost their lives as a result of taking Vioxx. In such instances, Coombs recommends mortification messages for both victims and non-victims, potentially coupled with ingratiation for non-victims when the reputation is good.

Coombs' (1995) repertoire of crisis management strategies is generally regarded as the most useful tool for public relations professionals dealing with crises to assist them in choosing the appropriate responses. Therefore, this set of guidelines was selected for this study's further consideration and testing. An analysis of the actuality and comprehensiveness of the transgression decision flow chart provides considerable opportunities for testing and potentially refining the existing crisis management repertoire.

The hypotheses and research questions formulated from this literature review for this study follow.

Hypotheses and Research Questions

As noted, this research, in part, will test Coombs' (1995) repertoire of crisis communication response strategies by investigating whether Merck's outgoing corporate messages included mortification and ingratiation, as recommended by Coombs' (1995) Transgression Decision Flow Chart. Additionally, this research will explore how efficient Merck officials were in using news media to convey their corporate messages to the public. The primary method will be to compare Merck's outgoing corporate messages with the content of the media coverage published.

Consequently, the following hypotheses will be tested in this study:

H1: In the first four-and-a-half months immediately following the Vioxx recall, the most-utilized PR crisis management communication strategies implemented by Merck were ingratiation and mortification.

H2: Media coverage of Merck's corporate messages during the first four-and-a-half-months following the Vioxx recall reported primarily included the company's mortification and ingratiation strategies.

The secondary purpose of this research is to investigate how the Vioxx recall was covered by the press and how the story developed afterwards. At the same time, the study intends to observe the differences, if any, in newspaper media coverage between *The New York Times* and *The Wall Street Journal*. To determine these answers, the following research questions will be explored:

RQ1: What was the evolution of the Vioxx story in the media in the first four-and-a-half-months immediately following the Vioxx recall?

RQ2: Were there any differences in the coverage of the Vioxx story by *The New York Times*, and *The Wall Street Journal* during the first four-an-a-half-months following the recall? If so, what differences were they?

CHAPTER 3

METHODS

The study employs the technique of content analysis using the general framework employed by Engelhardt et al. (2004). The tracking and counting of ingratiation and mortification messages both in Merck's crisis communication and in the coverage it received demands a content analysis approach. At the same time, the effectiveness of these messages will also be evaluated, their success being measured based on the theoretical literature reviewed earlier, and also from the more pragmatic perspective of Merck's post-recall financial earnings.

With regard to the more complex and open-ended research questions that deal with the evolution of the Vioxx story in the resulting press coverage and the way in which Merck's reputation affected the coverage, several specifications need to be made. To observe the way in which the journalistic interest for the story manifested over several months, the frequency, placement, depth, and length of the Vioxx-related articles will be analyzed. Determining these aspects and changes or consistencies will be one of the objectives of this analysis.

Secondly, with regard to the role played by reputation, references in the journalistic coverage to Merck's performance history will be examined. It will be noted if the articles that contain references to the company's positive history are also more sympathetic towards the company's ongoing crisis. The literature reviewed suggests that solid reputations encourage a less critical reaction from publics to an organization's present crisis. The press is certainly a major public of any prominent corporation. By

examining its reaction to the Vioxx recall the study will also investigate if Merck's reputation had any impact on the newspaper coverage.

Materials Used and Timeframe

In order to analyze Merck's crisis management, meticulous observations will be conducted on all corporate crisis communication within the timeframe of study. Thus, all press releases, statements, personalized letters[1], general letters[2], frequently-asked-questions sections, and transcripts of executive speeches provided by Merck on its Web site dealing with the Vioxx recall in the timeframe of study will be reviewed and analyzed. At the same time, an additional set of Associated Press transcripts of all the news briefings and press conferences, as well as several interviews, which the company conducted during the same period will also be evaluated. These transcripts were provided by the Associated Press and obtained from the respected medical research site, High Beam Research.

The investigation of the press coverage will focus on all news/editorial items that discussed the Vioxx crisis and appeared in *The New York Times* and *The Wall Street Journal* during the timeframe of study. These items include editorials, articles, bylined columns, letters to the editor, and photo captions.

The timeframe selected for analysis is September 30, 2004, to February 15, 2005, covering the four-and-a-half months immediately following the Vioxx recall and ending a little after Merck provided its first financial results for 2005, as well as projections for the company's near future.

1 Personalized letters begin with the salutation "Dear" and are signed by a Merck executive.
2 General letters do not have a salutation and they are not signed.

The rationale behind selecting this relatively large timeframe has to do with the magnitude of the crisis and the numerous twists and turns. A number of essential developments took place no sooner than several weeks after the initial stage of the crisis. Thus, a briefer and less comprehensive period of research would have surely missed much of the big picture.

The first 100 news/editorial items in each newspaper relevant to the recall during the timeframe of the study were selected for observation.

Coding and Measurement

Two distinct variables were observed and analyzed in corporate messages and newspaper reports by two independent coders. One variable determined if language of *ingratiation* was present in the item of corporate communication or press coverage. The second variable determined if language of *mortification* was present in the same texts or speech deliveries.

Strategic messages were expected to resemble the following prototype examples.

Expected statements utilizing ingratiation strategies included:

- “Our medical research personnel possesses great expertise and experience in the pharmaceutical industry” - Emphasis on the high qualification of Merck’s employees who develop and test drugs.
- “Our drugs are helpful and safe” - Emphasis on assurance of and concern for safety.

- “CEO Raymond Gilmartin is an outstanding and tremendously-respected professional in the field of pharmaceutics” - Emphasis on solid and wise leadership that has the tools to ensure Merck will overcome the crisis.
- “We are grateful to our consumers and customers for believing in us and relying on our services” - Emphasis on praising primary stakeholders.

Expected statements utilizing mortification strategies included:

- “We deeply regret these unfortunate developments and the inconveniences caused to patients and families around the world, while our thoughts are with all of those affected” - Straight-forward and compassionate apology.
- “We have created a team of specialists that will thoroughly investigate the matter and we have also put together another group of experts whose mission is to further enforce our high safety standards” - Taking measures to prevent the reoccurrence of the problem (rectification).
- “We are reimbursing all Vioxx customers” - Financial remediation for victims.
- “We have instructed physicians and pharmacists on the appropriate assistance they need to provide to Vioxx users and we have also posted comprehensive and detailed information that will assist patients in negotiating this inconvenience” - Emphasis on helping victims and personal interest for the suffering.

Coding Sheets

The coders used two coding sheets for the material analyzed. One coding sheet was designed for the newspaper articles. It allowed coding for placement of the article and its length. All crisis management strategies defined by Coombs (1995) were tracked. Additionally, the "compassion without blame" strategy was added to the list, along with the new-called "too soon to know / no answer yet" strategy that is close to "compassion without blame" but does not involve empathy. The newspaper coding sheet also prompted recording of the dominant crisis response strategy[3] present in each item, as well as the dominant theme, and whether a reference to a Merck spokesperson was made.

After pilot testing, the coding sheet was revised with a new mortification strategy: rectification without assuming responsibility. A second coding sheet was developed to analyze Merck's crisis management messages. It tracked the source and the type of communication issued. The initial "type of communication" categories included five options: press release, statement, news briefing / press conference, interview, and executive speech. After pilot coding, three options were added: personalized letter, general letter, and FAQs rubric. The coding sheet for corporate communication tracked the same crisis response strategies as the coding sheet for newspapers items, and also tracked the presence or absence of attribution in Merck's messages to a specific Merck spokesperson.

3 The dominant strategy was the strategy that was most evident in a certain Merck corporate communication or news/editorial item. Multiple strategies were present in the corporate messages and press coverage analyzed and, in many cases, more than one strategy appeared in an item.

CHAPTER 4

RESULTS

This chapter presents the results of the content analysis conducted on the corporate crisis response communication and its coverage in the two national newspapers. Forty Merck communications were analyzed, along with 100 items in the *New York Times*, and another 100 items in the *Wall Street Journal*. Corporate crisis communication messages included press releases, statements, personalized letters, general letters, FAQs responses, executive speeches, interviews, and transcripts of the news briefings and press conferences. With regard to newspapers, the units of analysis included news articles, editorials, bylined columns, and letters to the editor.

Two coders independently conducted content analysis of the 240 items for crisis response strategies present in them. The coders used coding sheets developed specifically for this study and described in the Methods section of Chapter 2. Of the 240 items analyzed, the coders initially disagreed on characteristics of 22 items. After discussions and consultations, there was disagreement on only two items. Thus, intercoder reliability was 97%, using Scott's pi index (Wimmer & Dominick, 2003). The resulting data were entered into a computer program and were analyzed with SPSS+.

The next section describes and presents the results of analysis of Merck's outgoing corporate messages over the timeframe selected.

Analysis of Merck Corporate Messages

In the first four-and-a-half months immediately following the Vioxx recall, Merck distributed thirty written corporate messages (ten press releases, six statements, two

transcripts of executive speeches, six personalized letters, three general letters, and three sections of response to FAQs). At the same time, the company held eight press conferences and news briefings. The transcripts of each one of these were analyzed, along with the transcripts of two relevant interviews with Merck CEO Raymond Gilmartin.

September 30, 2004 – The Day of the Recall

The first corporate crisis response messages dealing with the Vioxx recall were communicated at the same time that the announcement about the worldwide withdrawal was made. They were delivered at 9 a.m. on September 30, 2004, in Whitehouse, New Jersey, where Merck has its headquarters. The most prominent spokespersons were Raymond V. Gilmartin, Merck's CEO, Dr. Peter Kim, President of the Research Laboratories at Merck, Michael Rabinowitz, Merck Executive Director for Investor Relations, Kenneth Frazier, the company's Senior Vice President, and Judy Lewent, Merck Executive Vice President and President of Human Health Asia. They were assisted by Joan Wainwright, Merck's Vice President of Public Affairs.

During the early-morning press conference, the spokespersons used a variety of crisis management strategies. Nevertheless, ingratiation, and most prominently, mortification, dominated the rhetoric. Statements focused on the company's unexpected decision to pull its most profitable drug off the market as a result of the new data from the APPROVe study, which showed Vioxx doubled the risk of cardiovascular problems if taken daily for over 18 months in doses of at least 25 mg. CEO Ray Gilmartin used a mix of mortification (rectification) and ingratiation (bolstering), when he stated:

> We are taking this action because we believe it best serves the interests of patients. Although we believe it would have been possible to continue to market VIOXX with labeling that would incorporate this new data, given the availability of alternative therapies, and the questions raised by the data, we concluded that a voluntary withdrawal is the responsible course to take.

When asked to give an explanation for the troubling APPROVe results, Gilmartin responded with the “too soon to know / company doesn’t have an answer yet” strategy that Engelhardt et al. (2004) proposed, packaged with some bolstering. As he synthesized his reply from the press conference in a personalized letter to Vioxx patients posted on Merck’s Web site the same day, he wrote: “The cause of the clinical study results is uncertain, but our commitment to our patients is clear.”

In relation to his company’s financial standing in the aftermath of the recall, Gilmartin acknowledged some negative repercussions in the future, although avoiding hints at the suffering strategy:

> With regard to financial guidance, prior to today’s announcement Merck remains comfortable with its 2004 earnings per share guidance of $3.11 to $ 3.17. As a result of this decision, the Company currently expects earnings per share to be negatively affected by 50 to 60 cents.

Dr. Peter Kim followed Raymond Gilmartin’s lead and reiterated the company’s supreme concern for the patients’ well-being. Displaying a similar rhetorical mix of mortification and ingratiation, he argued:

> When we learned the results of this finding (the APPROVe study) last Thursday evening we moved quickly to answer the question of what is in the best interest

> of patients. We believe our decision reflects Merck's commitment to patient safety.

Questions quickly arose with regard to the reality that withdrawing Vioxx opens the door to an avalanche of legal complications. Merck, argued reporters, was now vulnerable to litigation, and the resulting legal expenses could become overwhelming. Using a combination of denial and bolstering, Kenneth Frazier strove to frame the situation in a more favorable light:

> Lawsuits alleging personal injury based on (the new information) may indeed be filed, but right now we can't speculate on the magnitude of that impact, either on the litigation overall or on individual cases. But again, given what was just described, we believe that we've acted responsibly, in terms of studying and monitoring the drug while it is on the market and promptly disclosing what we knew about the drug, and we believe that we still have very substantial and vigorous defenses.

Merck's CEO had to face additional tough questions about his leadership's lack of success and the company's worsening overall situation in recent times. Many journalists argued that Merck had suppressed damaging evidence with regard to Vioxx for years, that the company's drug pipeline was growing old and had stopped being innovative, and even that a "disaster" such as the Vioxx recall called for the CEO's resignation. Gilmartin strongly denied the criticism and forcefully bolstered his case:

> First of all, I don't intend to resign. Secondly, in our company we reinforce, we encourage behavior along the lines of really putting patient safety first, and that's how we made this decision, solely on the basis of what we thought was

> appropriate for patient safety. As far as the impact on the Company, we are very strong financially, with strong cash flow. ... In research, we've got an expanded need for new scientists and additional capacity because of growing size and strength of our pipeline, and the scientists associated with Vioxx will be able to deploy to help meet those capacity needs as well.

The second press conference/news briefing took place a couple hours later, on September 30, 2004. It mostly reinforced the rhetorical stance of the corporate communication disseminated earlier. The same spokespersons were present. Some additional information was presented by Michael Rabinowitz in regard to Merck's financial standing after the recall, along with some future projections. This information was mostly designed to bolster the company's image, presenting it as stable and secure. The projections were rather inconclusive and Rabinowitz promised more concrete data on October 21, when Merck planned to announce its third-quarter earnings for 2004. Nevertheless, the company retracted its third-quarter financial projections, made before the Vioxx recall. But Judy Lewent denied that the withdrawal's negative effect would be long-term and bolstered fourth-quarter strength for 2004:

> I noted our strong financial position and our cash flow capabilities. And therefore clearly that underscores the support for our dividend, which as you know we raised by a penny for 4Q04 dividend payment for 2004. We certainly stand behind our dividend. ... We are not contemplating cutting it at all. ... And I see no event in the upcoming horizon that would cause us to cut it.

CEO Raymond Gilmartin also used denial when asked about the possibility that Merck might be forced into a large-scale merger, as a direct consequence of the recent developments:

> We see that this event (the Vioxx recall) does not lead us to reconsider or make any change in fundamental strategy. We continue to have the belief that large-scale merger does not meet our definition of creating shareholder value which would be in contributing to our pipeline or through our long-term growth.

Gilmartin went on to employ ingratiation when, asked to comment on the results of the APPROVe study, he put them in a totally different perspective: “This is an extraordinary result to go for 18 months and see no difference in cardiovascular events and then start to see a trend develop from that standpoint.”

Finally, Dr. Peter Kim noted that an estimated 84 million patients had used Vioxx at one point or another in the United States. At the time of the recall he approximated the number of patients affected to around 2 million. Reinforcing the company’s view that the recall was the best course to take, Dr. Kim used mortification and ingratiation to comment on the near future:

> I want to emphasize that there are no patients that are going to continue on Vioxx either in clinical trials or now as a result of our withdrawal of patients in general.
>
> In terms of the presentation of these results, we are certainly going to make this data available to all the regulatory agencies around the world immediately, and enter into discussions with them.

Alongside the two press conferences, Merck posted an extensive array of Vioxx-related communication on its Web site. There were one major press release, five

personalized letters, three FAQs rubrics, and one statement, posted on the site on September 30.

The personalized letters and FAQs rubrics were organized into three distinct sections: one addressing Vioxx patients, one addressing physicians, and one addressing pharmacists and customers. The five personalized letters addressed patients, doctors, pharmacists, and customers directly, informing on Merck's decision to withdraw Vioxx worldwide and on the rationale behind this action. Using bolstering and rectification, the letters stated that Merck had acted in a way "that best serves the interests of patients," and that, even though Vioxx could have continued to be on the market with a new labeling, given the choice of alternative treatments, "a voluntary withdrawal is the responsible course of action." The text and format of the letters was mostly identical, with the exception that the ones addressed to physicians and pharmacists included a few more technical details with regard to the characteristics of the APPROVe study.

These letters also displayed Merck's use of mortification in the form of remediation, as they noted: "Merck will reimburse all patients for their unused Vioxx."

Physicians and pharmacists were instructed to stop prescribing and providing Vioxx to patients immediately. Instead, the three parties were advised to begin discussing alternative treatments on an individual basis. The FAQs rubrics were to the point and easy to follow. To the question "Why is Merck withdrawing Vioxx?" the answer featured mortification and read:

> Merck is voluntarily withdrawing Vioxx (rofecoxib) effective immediately based on new data from a 3-year clinical study. In this study, there was an increased risk of

> cardiovascular (CV) events, such as heart attack and stroke, in the patients taking VIOXX 25 mg compared to those taking placebo (sugar pill). There was an increased risk beginning 18 months after treatment.

Remediation was also present, within the answer to the “What should I do with my Vioxx tablets?” questions: “Merck will reimburse patients for unused Vioxx tablets. You should retain your tablets. Reimbursement information is posted on the website (sic).”

In addition, an instruction form for “Patients Seeking a Refund for Unused Vioxx,” giving meticulous information on the steps that need to be taken to get reimbursements, was posted. A 1-800 telephone number for questions on refunds was provided. Another number, 1-888-36-VIOXX, was also provided for questions on the Vioxx recall.

The statement and the press release largely synthesized what Merck’s spokespersons discussed in detail in the press conferences. The press release also quoted Dr. Peter Kim using the “too soon to know / no answer yet” strategy, as well as some rectification:

> Merck has always believed that prospective, randomized, controlled clinical trials are the best way to evaluate the safety of medicines. APPROVe is precisely this type of study – and it has provided us with new data on the cardiovascular profile of Vioxx. While the cause of these results is uncertain at this time, they suggest an increased risk of cardiovascular events beginning after 18 months of continuous therapy. While we recognize that VIOXX benefited many patients, we believe this action (the recall) is appropriate.

Finally, at the end of the statement, Merck announced that it will provide additional information on the recall's financial impact on October 21, when the company was scheduled to report its third-quarter earnings.

There were 12 Vioxx recall-related items of corporate communication in September, 2004, accounting for 30% of the overall messages. Mortification was the most used and most dominant group of crisis response strategies, predominantly in the form of rectification without assuming responsibility. Personalized letters were the most frequent form of packaging crisis messages, while the theme of all 12 communications was the Vioxx recall. Direct references to a Merck spokesperson were present in 7 or 58.3% of the 12 messages.

The following tables summarize the results of key frequencies distributions for the month.

Table 1
Number of Times Strategies Present in Corporate Messages (September 2004)

Strategy	# Times Used	% of Overall Messages
Mortification	12	100
Rectification without assuming responsibility	11	91.7
Remediation	9	75
Ingratiation	7	58.3
Bolstering	7	58.3
Non-existence	2	16.7
Denial	2	16.7
Clarification	2	16.7
Distance	2	16.7
Justification	1	8.3
Crisis events misrepresented	2	16.7
Too soon to know / No answer yet	4	33.3

Note: More than one strategy appeared in some items.

Table 2
Dominant Strategies in Corporate Messages (September 2004)

Strategy	# Times Used	% of Overall Messages
Mortification	9	75
Ingratiation	3	25
Total	12	100

Table 3

Type of Corporate Messages (September 2004)

Strategy	# Times Used	% of Overall Messages
Personalized letter	5	41.7
FAQs rubric	3	25
News briefing / Press conference	2	16.7
Press release	1	8.3
Statement	1	8.3
Total	12	100

October 2004

The next crisis communication message from Merck after the day of the recall came on October 1, 2004. Entitled “Merck Clarifies Number of Patients and Prescriptions for Vioxx,” the press release used denial and clarification to correct journalistic reports that, in the company’s view, exaggerated the number of people who had used the controversial drug:

> In response to some inaccuracies reported (in the media), Merck today clarified the number of patients in the United States who were prescribed and have taken VIOXX (rofecoxib). ... Merck estimates that there were 105 million U.S. prescriptions written for Vioxx from May 1999 to August 2004. Based on this

> estimate, Merck estimates that the number of patients who have taken VIOXX in the United States since its 1999 launch is approximately 20 million.

No other messages appeared on the company's Web site and no new press conferences were held until October 13. Then, Dr. Peter Kim presented a statement on behalf of Merck during a press availability in New York City. The statement was reproduced on Merck's Web site and addressed the increasing public criticism about the company's handling of Vioxx. The criticism mostly focused on the results of the 2000 trial VIGOR, which found that there was a higher incidence of cardiovascular events in patients receiving 50mg of Vioxx than in patients receiving Naproxen (Aleve). Dr. Kim began by providing a timeline of Merck's actions in regard to Vioxx, which included elements of ingratiation to emphasize the company's care and concern for the safety of its arthritis medicine. When he came to the Vigor trial, the spokesperson used the 'too soon to know / no answer yet" strategy, coupled with the non-existence strategies of denial and clarification, to defuse the criticism:

> The data were of concern to us. All data from previous studies demonstrated no difference in the cardiovascular event rate between VIOXX and placebo, or between VIOXX and non-naproxen NSAIDS. It is important to note that because the VIGOR study compared two drugs – and did not contain a placebo arm, it was not possible to conclude based on this study alone whether naproxen was having a beneficial cardiovascular effect or whether Vioxx was having a detrimental cardiovascular effect.

But, according to Dr. Kim, Merck unblinded the safety data from two other placebo-controlled studies that the company had ongoing at the time, and which

involved Vioxx: one regarding Alzheimer's prevention and one regarding Alzheimer's treatment. This was done in order to elucidate the nature of Vioxx's effect on the heart. Continuing to use the non-existence strategy of clarification, Dr. Kim stated:

> What we found was consistent with all of our previous studies: no difference was observed between cardiovascular event rates in patients receiving placebo or VIOXX in these two Alzheimer's trials. ... Thus, Merck concluded that the most plausible explanation for the VIGOR results was that naproxen was exerting a protective cardiovascular effect.

Consequently, the speaker argued that it was not until the APPROVe study that Merck had clear evidence on Vioxx's negative effects. Using mortification and ingratiation, Dr. Kim stressed his company's rectification, resolve, and quick reaction, triggered by the new results:

> When we learned of these results three weeks ago, we moved quickly to answer the question of what is in the best interest of patients. We believe our decision to voluntarily withdraw VIOXX from the market reflects Merck's commitment to patient safety.

During the press conference that followed the same day, Joan Wainwright, the President of Public Affairs for Merck; Ken Frazier, Merck's Senior Vice President; and Dr. Alise Reicin, Vice President of Clinical Research at Merck Research Labs, assisted Dr. Kim and reinforced his positions.

Nevertheless, reporters were well-prepared and asked about the duration and size of the Alzheimer studies that Merck used to support its case for Vioxx's safety. It was thus disclosed that the Alzheimer studies had only 500 patients each, while the

APPROVe study involved 2600 patients. At the same time, at the moment when Merck unblinded the safety data that backed Vioxx, the studies had been going on for only 14 months. Significantly, Dr. Alise Reicin said that Merck did not follow the safety data of the two studies after those 14 months. But, like Dr. Kim, Dr. Reicin used the now-usual line of defense that had Naproxen's protective cardiovascular effects at its core. Employing non-existence, she said in relation to the VIGOR findings:

> We still believe that there is plausibility to the Naproxen hypothesis given what we knew about naproxen before, and now also given the data that's come forward since that time, which continues to show a decreased incidence of events in Naproxen.

The examples of studies supporting the Naproxen theory cited by Dr. Reicin were rather general and inconclusive, and the argument was made against Merck that Naproxen's beneficial effects could not solely account for the significant difference between 45 and 19 cardiovascular events in the VIGOR trial. Surprisingly, even though her party had forcefully denied it the entire day, Dr. Reicin left a little room toward the end of the conference for the "too soon to know / no answer yet" strategy: "Now whether you could completely at this point in time, with what we know from APPROVe, rule out any effect of VIOXX, I think is impossible to say one way or the other."

Another aspect that came into focus in the October 13 press conference was the relationship between Merck and the FDA. The controversial issue was further complicated by the fact that a FDA researcher, Dr. David Graham, had conducted a study with Kaiser Permanente, the health provider conglomerate, which concluded based on patient records that Vioxx might have contributed to 27,785 heart attacks and

deaths from 1999 to 2003. The memo submitted by Dr. Graham to the FDA at the end of his study, and based on a sample of patient records, stipulated that patients taking Vioxx were more likely to have heart attacks or die from sudden cardiac arrest than people taking a competing painkiller, Celebrex.

Using denial and clarification, and almost hinting at the attack accuser strategy, Dr. Reicin downplayed the relevance of Dr. Graham's study by questioning the soundness of its design:

> First of all, it's an observational study. It's not a randomized clinical trial. There are inherent limitations of observational studies. I think they're hypothesis – generating. They can lead to further research and direct that research, but you have to take the results of those studies in the context of clinical trials.

Asked about the interaction between Merck and the FDA in relation to Vioxx, Dr. Peter Kim took the opportunity to bolster the case of both entities in question:

> We think that the FDA had been very deliberate and careful in how it is that they've been proceeding with this and other issues. We have maintained an open dialogue with the FDA, and certainly share data as it becomes available. As I said, when the initial VIGOR results became available to us, we shared those results with the FDA essentially immediately. We also then shared with them the results of the unblinding of the safety data of the Alzheimer's trials, and discussed with them proposed labeling changes and language that would be appropriate for the VIOXX prescribing information in light of the new results. And they came back with further questions, which we continued in an open dialogue. So I think the FDA has been careful and very deliberate in their actions.

Finally, Dr. Kim had to respond to an argument which claimed that other products have been withdrawn in the past based on observational studies, and that what was made public about the VIGOR trial in 2000 was not the full picture, as the data left out was serious enough to raise flags. Dr. Kim denied these allegations:

> No. I would disagree with that assertion. As I said, all of the results that we had were completely consistent with there not being a cardiovascular risk difference between Vioxx and placebo. ... We have been consistent in our position that the only way to answer this question wasn't (observational studies), but is through randomized controlled trials. And up until the APPROVe results, all of those results from randomized trials had indicated that Vioxx did not have an increased cardiovascular risk.

Another high-profile Merck spokesperson who engaged in crisis management discourse on October 13 was CEO Raymond Gilmartin. In a primetime television interview with CNBC's Sue Herrera, Gilmartin used ingratiation and the "no answer yet" strategy to outline his company's exemplary caution in monitoring and marketing Vioxx:

> I think the results on Vioxx are somewhat unusual. ... And you should realize, everyone should realize that all drugs that are submitted to FDA for approval go through extensive clinical trials with large patient populations. You know, prior to this finding, we had something of an order of about 28,000 patients in various clinical trials, in which we saw no difference between Vioxx and placebo. And fortunately, we continued to study the drug for new indications, such as non-recurrence of polyps, and track cardiovascular risk specifically around Vioxx,

> because of some of the questions that were raised about it. But I think it's somewhat unusual to see a trend occur after 18 months.

Speaking on the matter of the impact of the ensuing litigation and its high costs, Gilmartin used the "too soon to know / no answer yet" strategy once again to note: "I can't speculate at this point in terms of what the effect of the litigation would be, and I think it's premature to do that."

Ultimately, Merck's CEO did not omit to bolster his company's solid financial standing in light of Vioxx's withdrawal costs: "The event of actually pulling the $ 2.5 billion dollar drug off the market, voluntarily withdrawing it, is something that we are financially strong enough to withstand."

There was also a new press release issued on October 13 and posted on Merck's Web site. Entitled "Merck to Present Data from APPROVe Trial at American College of Rheumatology Annual Scientific Meeting in San Antonio on Oct. 18," the document informed on Merck's granted request for the opportunity to discuss this information. The press release also detailed the findings of the APPROVe trial, stressing Merck's mortification in the form of rectification:

> The company announced a voluntary worldwide withdrawal of Vioxx (rofecoxib), its arthritis and acute pain medication from the marketplace worldwide on Sept. 30, based on new, three-year data from the trial. The company took the action because, in this study, there was an increased relative risk for confirmed cardiovascular events, such as heart attack and stroke, beginning after 18 months of treatment in the patients taking VIOXX compared to those taking placebo.

The following day that marked new corporate crisis management communication in connection to Vioxx was October 21, when Merck announced its third-quarter 2004 earnings per share (EPS). The financial press release was entitled “Merck Announces Third-Quarter Earnings Per Share (EPS) of 60 Cents” and outlined new financial data, evidently affected by the Vioxx recall. Unsurprisingly, the 60 cents EPS included a $0.25 unfavorable effect associated with the company’s voluntary worldwide withdrawal. On top of this, the anticipated fourth-quarter EPS were even lower, of 48 to 53 cents, numbers triggered by the impact of approximately $700 to $750 million in foregone sales of Vioxx. Merck’s CEO Raymond Gilmartin was quoted in the press release, as his statements revealed a mixture of mortification and ingratiation, specifically rectification and bolstering:

> The voluntary withdrawal of VIOXX, with sales of $2.5 billion last year, represents a significant financial loss for us, but clearly was the right course of action. We look to the strong launch of VYTORIN and the five Phase III compounds that we expect to file or launch by the end of 2006 to contribute to the company’s future growth.

A major part of the release emphasized Merck’s pipeline progress and, using much bolstering, praised the company’s well-performing drugs on the market, presented to have great success worldwide and to bring in solid revenue. Nevertheless, an important segment was dedicated to the “Vioxx Litigation.” It was noted that, as of October 15, Merck was aware of 300 lawsuits, which included approximately 900 plaintiff groups alleging personal injuries resulting from the use of Vioxx. In addition to the Vioxx Personal Injury Lawsuits, a number of class action lawsuits, shareholder

derivative actions, and putative class actions had also been filed. Finally, the press release was announcing that Merck had also been named as a defendant in Vioxx-related actions in various countries of Europe, Canada, Brazil and Israel.

In response to the deteriorating legal aspects, Merck used a mixture of denial and bolstering, coupled with the “too soon to know” strategy, stating:

> The company believes that it has meritous defenses to the VIOXX Lawsuits and will vigorously defend against them. In view of the inherent difficulty of predicting the outcome of litigations, particularly where there are many claimants and the claimants seek indeterminate damages, the company is unable to predict the outcome of these matters, and at this time cannot reasonably estimate the possible loss or range of loss with respect to the VIOXX Lawsuits.

There was also a press conference conducted on October 21. Michael Rabinowitz, Executive Director of Investor Relations at Merck, strove, through constant ingratiation, to put a favorable spin on a couple of rather unfavorable numbers. Using bolstering, the spokesperson emphasized some positive developments, over the negative repercussions of the Vioxx recall:

> We continue to advance our pipeline as disclosed in our August 10-Q, and our comprehensive licensing and external lines program has significant activities again in the quarter. In addition to the Vioxx announcement, there were several other product events for Merck in the third quarter, including the Merck Schering-Plough approval and launch of Vytorin, and the presentation of results of a head to head study showing that Fosamax demonstrated significant and greater

> increases in bone mineral density, or BMD, and reduction in markers of bone turnover than Actonel.

Nevertheless, Rabinowitz admitted that it was not business as usual at the company, but, using mortification, reiterated:

> I think it's important to reinforce that the decision to voluntarily withdraw Vioxx was made as a result of new data from the three-year placebo controlled study called APPROVe, in which, beginning after 18 months, the risk of cardiovascular events did increase among those on Vioxx. The conference call on September 30 subsequently explained why we felt this action served the best interests of patients, which ultimately drove our decision-making.

On October 22, 2004, in a financial press release entitled "Merck Corrects Fourth-Quarter Product Gross Margin Guidance," the company adjusted the product gross margin (PGM) from 74.5%-75.5% to 76.5%-77.5%. It was mentioned that the guidance excludes adjustments related to the withdrawal of Vioxx.

The next Vioxx-related statement was posted on Merck's website on October 29, under the title: "Merck Issues Statement on Documents Related to Vioxx Litigation." The text was a reaction in anticipation to the disclosure in the press of Merck internal e-mails that emphasized the executives' early knowledge of Vioxx's dangers. The publication of these e-mails did indeed take place in the November 1 edition of the *Wall Street Journal*.

Merck's October 29 statement used a variety of crisis management strategies to downplay the gravity of the revelations that were going to be presented in the *Journal*.

The following paragraph reproduces the first part of the company's statement and displays the heavy use of a particular distance strategy, crisis events misrepresented:

> Merck has been informed that the content of documents produced during discovery in pending VIOXX litigation, including documents still under court control that prohibit their disclosure, have been made public. These documents are pulled from the millions of documents that Merck has produced to date during these legal proceedings. Past experience of other companies in such situations suggests that documents will be deliberately presented out of context to advance the interest of the parties who have started Vioxx litigation. As such, the documents, the surrounding events and the business practices of Merck may well be misinterpreted in any reporting.

The statement went on to deny that Merck dealt irresponsibly with Vioxx in the past and bolstered the company's treatment of the drug, from its emergence on the market to its eventual demise. The ingratiation, mortification, and denial in the lines below are evident:

> None of the documents can obscure the fact that Merck acted responsibly and appropriately as it developed and marketed Vioxx. When questions arose about the safety of VIOXX, Merck took steps to investigate and address those issues. The company worked dilligently with the U.S. Food and Drug Administration and the regulatory authorities in other countries to ensure that the safety profile of Vioxx was reflected appropriately in the prescribing information. Merck also undertook prospective, randomized, controlled clinical trials that it believed would provide the data to further evaluate the cardiovascular profile of VIOXX. (...)

> Within one week of learning those results (of the APPROVe trial), Merck acted in what it believed to be the best interest of patients and voluntarily withdrew VIOXX from the market.

Merck also said that it would not address specific documents, since the legal investigations are ongoing and have these documents as their focus. The statement stressed that the company's position is that the appropriate place to try legal proceedings is in the court.

That concluded the Vioxx communication for the month. There were 9 Vioxx-related items of corporate communication in October, 2004, accounting for 22.5% of the overall messages. The mortification strategy of rectification without assuming responsibility and the ingratiation strategy of bolstering were the most used crisis management devices during this period, as the 'too soon to know / no answer yet' strategy came in a close third. Ingratiation was the most dominant strategy within Merck's October communications. Press releases were the most frequent form of packaging crisis messages, while the commonest theme of the 9 communications had to do with the company's financial situation impacted by the Vioxx recall. In regard to the theme of the corporate messages, they covered a variety of issues, ranging from the voluntary withdrawal to data about previous Vioxx trials. The most frequent subject was Merck's post-recall financial circumstance. Direct references to a Merck spokesperson were present in 6 or 66.7% of the 9 messages.

The following tables summarize the results of key frequencies distributions for the month.

Table 4

Number of Times Strategies Present in Corporate Messages (October 2004)

Strategy	# Times Used	% of Overall Messages
Mortification	7	77.8
Rectification w/out assuming responsibility	7	77.8
Ingratiation	7	77.8
Bolstering	7	77.8
Too soon to know / No answer yet	5	55.6
Non-existence	4	44.4
Denial	4	44.4
Clarification	4	44.4
Distance	4	44.4
Crisis events misrepresented	4	44.4

Note: More than one strategy appeared in some items.

Table 5

Dominant Strategies in Corporate Messages (October 2004)

Strategy	# Times Used	% of Overall Messages
Ingratiation	5	55.6
Mortification	2	22.2
Non-existence	1	11.1
Distance	1	11.1
Total	9	100

Table 6

Content / Theme of Corporate Messages (October 2004)

Strategy	# Times Used	% of Overall Messages
Merck financials impacted by recall	3	33.3
Vioxx recall	1	11.1
Merck & Vioxx in general	1	11.1
Merck's crisis management	1	11.1

efforts and the result of the recall		
Victims / victims' families	1	11.1
Previous / new Vioxx trials or studies	1	11.1
Vioxx recall and legal complications	1	11.1
Total	9	100

Table 7

Type of Corporate Messages (October 2004)

Type	# Times Used	% of Overall Messages
Press release	5	55.6
News briefing / Press conference	2	22.2
Statement	1	11.1
Interview	1	11.1
Total	9	100

November 2004

The first relevant press release in November came on the 4th of the month, as an early reaction to the publication of an unfavorable article in the British medical journal, *The Lancet*. The release was titled "Merck Issues Response to Article Published in *The Lancet*" and emphasized the company's strong disagreement with the results of the journal's study, which concluded that Vioxx represented a cardiovascular threat for years and should have been withdrawn much earlier. The introduction of the press release stressed denial and read:

> Merck was vigilant in monitoring and disclosing the cardiovascular safety of VIOXX and we absolutely disagree with any implication to the contrary.

Moreover, Merck disagrees that the data from the meta-analysis published in *The Lancet* indicate that VIOXX should have been withdrawn a long time ago.

Furthermore, Merck attacked the design and comprehensiveness of the study, arguing that the data presented in it is by no means new, but only consistent with the results from the combined analyses of randomized and controlled clinical trials that Merck published in 2001 and 2003. Merck continued to use denial and clarification in this press release, stipulating that the *Lancet* meta-analysis showed no significant difference between Vioxx and placebo, Vioxx and non-Naproxen NSAIDs, and a significantly lower risk with Naproxen versus Vioxx. These non-existence strategies, along with bolstering, were also displayed in the company's answer to the charge that it suppressed information:

> The authors of the meta-analysis published in *The Lancet* questioned why Merck did not summarize and continuously update all available cardiovascular data. In fact, Merck did just that. Merck first conducted pooled analyses of data from controlled clinical trials soon after the VIGOR results became available. As additional data became available, Merck updated those analyses, which were published and shared with regulatory agencies. We also voluntarily began (the APPROVe trial). ... The company worked dilligently with the FDA and regulatory agencies in other countries to ensure that the safety profile of VIOXX was reflected appropriately in the prescribing information.

A second corporate press release on the *Lancet* article was issued the following day, on November 5, 2004, at the same time with the publication of this article in the medical journal. Merck's release was entitled "Merck Posts Scientific Critique on Web

Site in Response to Article Published in *The Lancet*" and it featured an electronic link to a rather technical response written by Dr. Peter Kim. Reinforcing the company's denial of any culpability, coupled with elements of bolstering, the release reiterated:

> (Merck) was vigilant in monitoring and disclosing the cardiovascular safety of Vioxx and the company absolutely disagrees with any implication to the contrary. (Dr. Kim's) scientific critique details why Merck disagrees with the methodology underlying the meta-analysis. Until the APPROVe study, data from Merck's clinical trials showed no significant difference in cardiovascular risk between VIOXX and either placebo or non-naproxen NSAIDs.

Dr. Kim's critique was entitled "Response to Article by Juni *et al*. Published in *The Lancet* on Nov. 5" and approached the matter in a very scientific manner. To synthesize, Dr. Kim's response basically deconstructed the design and the reasoning of the *Lancet* study, arguing that they are both flawed since the authors combined data from studies with three different kinds of comparators, instead of following the basic principle of meta-analyses to combine "like with like." Thus, using first denial and clarification, and ending with Merck's classical defense that mixed mortification and ingratiation, Dr. Kim stated:

> The authors' analysis by comparator confirms that the only statistically significant difference in myocardial infarction (MI) risk was between rofecoxib (VIOXX) and Naproxen (Aleve), not between rofecoxib and either placebo or non-naproxen NSAIDs. ... In summary, the data contained in the meta-analysis by Juni *et al*. had been previously disclosed and analyzed. ... All their conclusions for a signal beginning in 2000 were driven by the comparison to Naproxen, largely by

> VIGOR. Prior to APPROVe, in placebo- and non-naproxen NSAID- controlled studies, the data did not support an increased risk of cardiovascular events with rofecoxib. ... Within one week of learning those results, Merck acted in what it believed to be the best interest of patients and withdrew VIOXX from the market.

The next Vioxx-related Merck communication posted on the company's Web site came on November 18, 2004. It was the transcript of CEO Raymond Gilmartin's "Prepared Testimony before the United States Senate Committee on Finance." The statement fit within the company's typical rhetorical parameters with regard to Vioxx and used rectification and bolstering to underline Merck's irreproachable dealing with its arthritis drug. While acknowledging that, from a certain point of view, it was hard to take the decision to recall Vioxx, because "many patients counted on it," Gilmartin used ingratiation and mortification to explain why his company's decision was also not that difficult:

> On another level, however, the decision we made to withdraw Vioxx was easy. Given the availability of alternative therapies and the questions raised by the data, withdrawing VIOXX was consistent with an ethic that has driven Merck actions and decisions for more than one hundred years. Merck puts patients first.

Though overall repetitive and quite predictable, Gilmartin's testimony did feature something unique and unprecedented in the company's crisis management efforts. It was the first instance when a company spokesperson managed to "humanize" the rhetoric and almost trigger compassion. At one point in his speech, hinting at the suffering strategy, Raymond Gilmartin said: "Mr. Chairman, Merck believed

wholeheartedly in Vioxx. I believed wholeheartedly in Vioxx. In fact, my wife was a user of Vioxx until the day we withdrew it from the market."

An interesting posting on Merck's web site on November 18 was Sandra Kewer's testimony in front of the same Senate committee. Kewer was the FDA's Deputy Director for the Office of New Drugs, Drug Evaluation, and Research. It is evident that Merck incorporated her statement within the company's crisis communication series of postings, since Kewer praised not only the actions and vigilance of the Federal entity that she worked for, but also the ones taken by the pharmaceutical corporation that manufactured Vioxx. Using bolstering and stressing Merck's prompt rectification, Kewer said:

> FDA worked actively and vigorously with Merck to inform public health professionals of what was known regarding CV risk with Vioxx, and to pursue further definitive investigations to better define and quantify the risk. FDA also reviewed and remained current on new epidemological studies that appeared in the literature. Indeed, the recent study findings disclosed by Merck, leading to its decision to voluntarily withdraw Vioxx from the marketplace, resulted from FDA's vigilance in requiring these long-term outcome trials to address our concerns.

Two other points in the FDA testimony present interest. Both examples reveal the FDA's support for Merck. Kewer used denial to respond to rumors that Merck coerced the controversial Dr. Graham to revise his presentation for a conference in France, in which the researcher was going to argue that Vioxx was unsafe. Kewer said that Dr. Graham "chose to revise his conclusions voluntarily." She also said that Merck did not conduct a placebo-Vioxx trial for no other reason but because "to do so would have

meant patients with rheumatoid arthritis would have been randomized to receive no pain relief."

The FDA testimony concluded Merck's Vioxx-related communication for the month. There were 5 Vioxx-related items of corporate communication in November, 2004, accounting for 12.5% of the overall messages. While mortification, ingratiation, and non-existence strategies were all frequently used, it was non-existence that dominated most of the rhetoric. The strategies of denial and clarification played a decisive role in this direction. Vioxx trials and studies were the topic of the month, as Merck statements were its most frequent form of discussion. Direct references to a Merck spokesperson were present in 1 or 20% of the 5 messages.

The following tables summarize the results of key frequencies distributions for the month.

Table 8

Number of Times Strategies Present in Corporate Messages (November 2004)

Strategy	# Times Used	% of Overall Messages
Mortification	4	80
Rectification w/out assuming responsibility	4	80
Ingratiation	4	80
Bolstering	4	80
Transcendence	1	20
Non-existence	4	80
Denial	4	80
Clarification	4	80
Distance	2	40
Crisis events misrepresented	2	40
Suffering strategy	1	20

Table 9

Dominant Strategies in Corporate Messages (November 2004)

Strategy	# Times Used	% of Overall Messages
Non-existence	3	60
Ingratiation	1	20
Mortification	1	20
Total	5	100

Table 10

Content / Theme of Corporate Messages (November 2004)

Strategies	# Times Used	% of Overall Messages
Previous / new Vioxx trials or studies	3	60
Merck & Vioxx in general	1	20
Merck & FDA	1	20
Total	5	100

Table 11

Type of corporate messages (November 2004)

Strategies	# Times Used	% of Overall Messages
Statement	4	80
Press release	1	20
Total	5	100

December 2004

On December 7, 2004, Merck issued a new press release that had mortification at its core. It was entitled “Merck Board Appoints Special Committee to Review VIOXX Withdrawal” and announced a newly-created entity was going to review the company’s actions prior to Merck’s voluntary recall of Vioxx. Rather disconcertingly, the release

mentioned that the independent commission's chair was William G. Bowen, president of The Andrew W. Fellon Foundation and chair of the Merck's Board Committee on Corporate Governance. Nevertheless, Merck's CEO had only praise for the development and stressed his company's total cooperation. Using substantial ingratiation, Gilmartin said:

> The Committee will have the complete cooperation of Merck management and the full resources it needs to conduct its assessment. Merck management looks forward to the results of the Special Committee's review and is convinced that it will show that the company acted responsibly and appropriately.

The following day, on December 8, Merck publicized the company's financial projections for 2005 in a news briefing conducted by Michael Rabinowitz, Executive Director of Investor Relations. First, the spokesperson addressed specific numbers. Thus, according to the company, full-year 2005 earnings per share (EPS) were going to range between $2.42 and $2.52. In terms of the earnings per share for 2004's fourth quarter, Merck anticipated them to be situated somewhere from $0.48 to $0.53, digits which included the impact of approximately $750 million in foregone sales of Vioxx.

Rabinowitz used bolstering to uphold Merck's solid position in the industry and guaranteed future progress. He said that in 2005 Merck would continue to grow in newer franchises, extend the recent successful launches of ZETIA and VYTORIN, launch new products, and file several products currently in Phase III, also preparing for their eventual launch. The same ingratiation strategy of bolstering, and some mortification, were used to describe 2004 and the impact of the Vioxx recall on Merck's reputation. Rabinowitz commented:

> This (2004) was an unusual year, a very successful one. ... I think some of you may be surprised by how well-received some of our representatives have been in physician offices, given that we acted very quickly upon the results of the APPROVe study, which showed after 18 months that there was an incremental risk in MI and stroke for patients who had been on therapy for 18 months. And once we saw the signal we acted very quickly. Physicians are responding to that. This was a voluntary withdrawal.

A reporter claimed rumors circulated that Merck was facing a “brain drain.” Rabinowitz employed denial in order to disagree with the claims. Adding bolstering, he also used the occasion to further emphasize the company’s free, flexible, internal culture and communication:

> Regarding the talent, I am not aware of significant talent moving. Clearly, as with any business, there are ongoing decisions and we are doing our best to provide clear communications, not only externally, concerning issues related to Vioxx, but also internally. And we feel that being very open with our employees has had a very positive impact in everyone understanding what our situation is, how we have responded to the situation in a very appropriate way, in a very timely way.

The financial press release issued the same day, December 8, synthesized the information disseminated by Merck’s spokesperson during the news briefing and bolstered the same positive future outlook. It was entitled “Merck Anticipates Full-Year 2005 Earnings Per Share Range of $2.42 to $2.52; Reaffirms Fourth-Quarter and Full-Year 2004 EPS Guidance” and specified that this guidance did not reflect the

establishment of reserves for any potential liability settlements relating to the Vioxx lawsuits.

On December 14, 2004, the company's Web site featured the transcripts of two executive speeches made by CEO Ray Gilmartin at the outset and at the end of Merck's Annual Business Briefing in Whitehouse, New Jersey. Gilmartin reviewed the Vioxx timeline and praised Merck's attitude once more. He went on to paint a very positive picture of Merck's future prospects, listing several drugs that were competing well on the world market and referring to several others awaiting approval. Thus, even though the Vioxx recall was a heavy financial hit, Gilmartin underlined the fact that Merck is strong enough to thrive on. Using repeated bolstering and mentioning the company's timely rectification, the CEO noted:

> This past year has presented us with an extraordinary challenge. But we have met this challenge in a manner consistent with our commitments to patient safety, the highest standards of ethics, and scientific excellence. We moved quickly to respond to the effects of our voluntary withdrawal of VIOXX on the company, and the actions we took are producing results. In addition, consistent with our strategy for growth, we have accelerated changes already underway to meet the opportunities and challenges we face given the demands of the market and of the environment in which we operate. As a result, Merck is moving forward into 2005 well positioned to achieve the future long-term growth to which we are committed.

The business briefing focused mostly on news about Merck's "exciting" upcoming drugs and their impact on the company's revenues and strategies. In his closing

remarks, Gilmartin injected his rhetoric with more ingratiation, restating that “Merck’s response to the VIOXX withdrawal was swift and effective.”

Later in the day, the company’s most prominent spokesperson had another primetime appearance on CNBC, in an interview with correspondent Mike Huckman. The question of the financial burden resulting from the Vioxx-related litigation was brought up once again. Gilmartin used the “no answer yet” strategy and ingratiation to respond: “I don’t have an update for you at this point. As we have been very clear about, we think and believe strongly we’ve got meritous defenses against these lawsuits. And we are going to defend against them vigorously.”

Gilmartin denied that he would resign his position before his scheduled retirement in 2006, claiming that he had the full support of the board of directors. An interesting verbal exchange took place when the CEO was asked if Arcoxia, a drug in the same class as Vioxx whose launching Merck advertised heavily, did not present the same negative effects as its demised predecessor. Gilmartin denied the hypothesis.

The interview concluded Merck’s relevant Vioxx-related crisis communication for the month of December, and for the year 2004. There were 6 Vioxx-related items of corporate communication in December, 2004, accounting for 15% of the overall messages. Ingratiation, all three types of it, was the dominant strategy of the month, although mortification posted almost similar numbers in terms of frequency of use, thanks to the constant presence of the rectification without assuming responsibility strategy. Merck’s crisis management efforts to recover from the turmoil of the withdrawal formed the topic of the month, while press releases and executive speeches

were the most common way to disseminate information. Direct references to a Merck spokesperson were present in 5 or 83.3% of the 6 messages.

The following tables summarize the results of key frequencies distributions for the month.

Table 12

Number of Times Strategies Present in Corporate Messages (December 2004)

Strategy	# Times Used	% of Overall Messages
Ingratiation	6	100
Bolstering	6	100
Transcendence	2	33.3
Praising others	1	16.7
Mortification	5	83.3
Rectification without assuming responsibility	5	83.3
Non-existence	1	16.7
Denial	1	16.7
Clarification	1	16.7

Table 13

Dominant Strategies in Corporate Messages (December 2004)

Strategy	# Times Used	% of Overall Messages
Ingratiation	5	83.3
Mortification	1	16.7
Total	6	100

Table 14

Content / Theme of Corporate Messages (December 2004)

Strategy	# Times Used	% of Overall Messages
Merck's crisis management efforts and the results of the recall	4	66.7

Merck financials impacted by recall	2	33.3
Total	6	100

Table 15

Type of Corporate Messages (December 2004)

Type	# Times Used	% of Overall Messages
Press release	2	33.3
News briefing / Press conference	1	16.7
Interview	1	16.7
Executive speech	2	33.3
Total	6	100

January 2005

The New Year brought fresh crisis communication from Merck very early on. On January 1, 2005, three general letters authored by Raymond Gilmartin and discussing the Vioxx case were posted on the company's Web site. The first one was entitled "An Open Letter from Merck" and went straight to the point. Using bolstering and rectification in his writing, Gilmartin evidenced Merck's impeccable concern for safety, in spite of what he termed as inaccurate reports in the media:

> We extensively studied VIOXX before seeking regulatory approval to market it. We promptly disclosed the clinical data about VIOXX. When questions arose, we took additional steps, including conducting further prospective, controlled studies to gain more clinical information about the medicine.

Published on the same day, the next two general letters addressed Merck's past and future, both approached from a bright and praiseworthy perspective. The second was entitled "For 100 Years, Patients First," and the title defines its messages

comprehensively. The company's history was presented as a great success story, dominated by the unwavering and supreme dedication to patients' welfare. Ingratiation abounded in the letter, as the following sample clearly reveals:

> Our ethical standards are the foundation of our company. We strive to ensure that every Merck employee knows that meeting high ethical standards is at the heart of how we do business. ... For more than 100 years, Merck's adherence to those high standards has produced life-saving benefits for countless patients in numerous therapeutic areas. ... We believe that our actions surrounding VIOXX (rofecoxib) are consistent with putting the interests of patients first, as well as faithful adherence to the principles of scientific discipline and disclosure.

Finally, the third letter was entitled "Our Future. Our Strength" and used the same ingratiating devices to bolster the future. Gilmartin remarked:

> In the weeks since the voluntary withdrawal of VIOXX (rofecoxib) there has been much speculation, based largely on incomplete and sometimes inaccurate information, about the potential impact of the withdrawal on Merck's business and financial health. Merck's response is clear: Our business prospects are strong and we are well prepared to address the challenges posed by the withdrawal of Vioxx.

On January 11, 2005, Merck participated at the 23rd JP Morgan Healthcare Conference and made an extensive presentation. Once again, the voice of the company was its leader. The topic of Ray Gilmartin's presentation was future growth. The spokesperson stressed Merck's considerable pipeline progress and developing relationships. Vytorin, Fosamax, and Singulair were some of the main examples of

drugs given as guaranteed to solidify the company's prosperous stature. A new pediatric vaccine, PROQUAD, received substantial acclaim from the speaker. Noting the several drugs awaiting launch in 2005 and 2006, Gilmartin argued that Merck's financial strength supported this platform for growth, as well as a dividend in excess of $3 billion along with a stock buyback. The CEO made bright projections for 2005, a year of free operating cash flow after capital expenditures of $5 billion, negative debt, and conservative financial management. Additional bolstering was used to discuss the Vioxx recall and its implications:

> Following the events of the voluntary withdrawal of Vioxx, we moved promptly to inform physicians, regulators, and patients throughout the world, so they know how to act and how to respond to the announcement of our voluntary withdrawal. I think we did that quite effectively. ... Finally, we were financially strong before the voluntary withdrawal of Vioxx. We're financially strong post the withdrawal of Vioxx. And that provides us the capacity as we go forward to invest behind our growth and to enhance shareholder value through our dividend and through share buybacks.

Ten days after Raymond Gilmartin's presentation, a personalized letter posted on Merck's Web site dealt with the Vioxx reimbursements and targeted pharmacy customers, using compassion without blame to articulate the company's empathy for the customers who had not received their money yet:

> Because of the unprecedented volume of pharmacy and patients returns, the issuance of reimbursement checks to some pharmacies for undispensed VIOXX has taken longer than originally anticipated. Should you still be waiting for a

refund, Merck recognizes and regrets any inconvenience that this delay may have caused you or your practice.

On January 25, 2005, in a press conference, Merck announced full-year 2004 earnings per share (EPS) of $2.61 and fourth-quarter 2004 EPS of 50 cents. Graeme Bell, Senior Director for Investor Relations at Merck, also noted that the company reserved an additional $604 million in the fourth quarter solely for future legal defense costs for Vioxx, bringing the total reserve to $675 million. Clearly, the recall was taking its toll. The earnings per share for the last quarter in 2004 were 12 cents lower than the ones for the same period of the previous year.

Although the net income and worldwide sales were slightly above the previous years' correspondents, the company's expenditures were considerably greater for 2004. The earnings per share for the entire year of 2004 were $2.61, which included a $0.25 unfavorable effect on third-quarter results as a consequence of the Vioxx recall. Graeme Bell used constant bolstering to suggest that the company's present and near future situation looked promising, thanks to a number of successful drugs like Vytorin and Fosamax. He also reaffirmed full-year 2005 earnings per share in the range of $2.42 to $2.52.

Nevertheless, in an interesting interplay, a reporter wanted to clarify that Merck's $675 million was indeed reserved solely for the defense against the alleged victims of Vioxx, and not also for compensation of alleged victims. If so, the implication was that the company expected to lose no cases. Bell commented: "You're absolutely correct, the reserve that we've set up is purely associated with legal defense costs."

A financial press release synthesized the information provided by Graeme Bell during the press conference and was entitled “Merck Announces Full-Year 2004 Earnings Per Share (EPS) of $2.61, Fourth Quarter 2004 EPS of 50 Cents.” The release touched on the issue of the Vioxx litigation and quoted Kenneth Frazier, Merck Senior Vice President and General Counsel, displaying bolstering: “We have stated previously that we intend to defend the lawsuits vigorously. This ($675 million) reserve is consistent with our commitment to defend the company.”

This press release concluded Merck’s Vioxx-connected crisis communication for January 2005. There were seven Vioxx-related items of corporate communication for the month, which account for 17.5% of the overall messages. As in December, the ingratiation group of strategies continued to dominate Merck messages, particularly through the relentless use of bolstering. In terms of frequency, mortification was also strong, with rectification and remediation well in the mix. Notably, the strategy of compassion without blame makes its one and only appearance this month. The dominant theme of the communications involved an overview of the relationship between Merck’s and Vioxx. Direct references to a Merck spokesperson were present in all seven messages.

The following tables summarize the results of key frequencies distributions for the month.

Table 16

Number of Times Strategies Present in Corporate Messages (January 2005)

Strategy	# Times Used	% of Overall Messages
Ingratiation	7	100
Bolstering	7	100

Transcendence	2	28.6
Praising others	1	14.3
Mortification	7	100
Rectification w/out assuming responsibility	6	85.7
Remediation	3	42.9
Non-existence	2	28.6
Denial	2	28.6
Too soon to know / No answer yet	2	28.6
Compassion w/out blame	1	14.3

Table 17

Dominant Strategies in Corporate Messages (January 2005)

Strategy	# Times Used	% of Overall Messages
Ingratiation	5	71.4
Mortification	2	28.6
Total	7	100

Table 18

Content / Theme of Corporate Messages (January 2005)

Topic	# Times Used	% of Overall Messages
Merck & Vioxx in general	3	42.9
Vioxx recall and legal complications	2	28.6
Vioxx recall	1	14.3
Merck financials impacted by recall	1	14.3
Total	7	100

Table 19

Type of Corporate Messages (January 2005)

Type	# Time Used	% of Overall Messages
Standard letter	3	42.9
News briefing / Press conference	2	28.6
Press release	1	14.3
Personalized letter	1	14.3
Total	7	100

February 2005

There was only one relevant item of crisis communication from Merck involving Vioxx in the first half of February. It materialized on the 9th of the month, when Brad Sheares, President of U.S. Human Health at Merck, held a presentation followed by a Q&A session on behalf of the company. The event took place at Merrill Lynch's 16th Annual Global Pharmaceutical, Biotechnology, and Medical Device Conference. Sheares talked about Merck's present and near-future strategy, using ingratiation to underline the success of the recent launches and in-line products, as well as the company's plans to drive continued growth. Vytorin, Fosamax, and Singulair were again bolstered, as the spokesperson noted that "we are seeing great progress in our pipeline."

With regard to Vioxx, Sheares was asked to evaluate the reputational damage to Merck. He responded using bolstering and highlighting prompt rectification:

> When we became aware of the fact that there might be a problem, we communicated it to regulators, we communicated it through the scientific publications, at scientific meetings, and the labels of our product. Then we did

> the studies, we embarked on the studies to answer the question. We did the studies and got the results; in the case of the APPROVe study. We immediately took action. ... I think that was a day actually that people in our organization are very proud of, and a day a lot of our customers' level of respect for us even went up higher. I think what you found was people saying we did not put our head in the sand; we didn't have our representatives go home and let doctors just read about it in the newspaper over the next month or something of that sort."

Sheares' financial update was the first and last relevant communication for the first part of February, 2005. It was also the last Vioxx-related item of crisis communication within the timeframe selected for this study. The briefing accounted for 2.5% of Merck's 40 overall messages. Ingratiation through bolstering was its dominant strategy, as Sheares's thematic choice focused on the company's financial outlook and operations in the aftermath of the recall. Mortification and the "too soon to know / no answer yet strategy" were also part of the rhetoric, while a direct reference to a Merck spokesperson was evidently present in this last case.

The following table summarizes the key aspects of the February 9 Merck corporate communication.

Table 20

Merck's February 9, 2004, Corporate Communication

Strategies Present	Dominant Strategy	Content / Theme	Type of Communication
Ingratiation	Ingratiation	Merck financials impacted by the recall	Press conference / News briefing
Bolstering			
Praising others			
Mortification			
Rectification w/out			

assuming responsibility			
Too soon to know / No answer yet			

Merck's Crisis Response

Overall, Merck's corporate messages contained the following strategies: **mortification** was used 36 times (92.5%), remediation 12 times (30%), rectification without assuming responsibility 34 times (85%); **ingratiation** was used 32 times (80%), bolstering 32 times (80%), transcendence 5 times (12.5%), praising others 3 times (7.5%); **non-existence** was used 13 times (32.5%), denial 13 times (32.5%), clarification 11 times (27.5%); the **too soon to know / no answer yet** strategy was used 12 times (30%); **distance** was used 8 times (20%), justification 1 time (2.5%), crisis events misrepresented 8 times (20%); finally, the **suffering strategy** and **compassion without blame** were each used 1 time (2.5%). Table 21 summarizes the results of this frequencies distribution.

With regard to prominence, **ingratiation** was the **dominant strategy** used in Merck's corporate messages during the first four and a half months immediately following the Vioxx recall. **Ingratiation** was used as the dominant strategy 20 times (50%); **mortification** was used 15 times (37.5%) as the dominant strategy; **non-existence** was used 4 times (10%) as the dominant strategy; and **distance** dominated once (2.5%). Table 22 summarizes the results of this frequencies distribution.

The most common theme of Merck corporate messages was the Vioxx recall, used 14 times (35%), followed by the theme of Merck's financial situation impacted by the recall, which was used 7 times (17.5%). Third place regarding content is shared by the two themes of Merck and Vioxx in general and the outcomes of the company's crisis

management efforts, both used 5 times (12.5%). The topic of previous and new Vioxx trials or studies was used 4 times (10%), while the subject of the resulting legal complications was used 3 times (7.5%). Finally, the topic of the victims and their families, as well as the one dealing with the relationship between Merck and the FDA, were both used 1 (2.5%). Table 23 summarizes the results of this frequencies distribution.

The company's most usual way to disseminate information was through press releases, used 10 times (25%). News briefings or press conferences were the second most typical choise, used 8 times (20%). Statements were used 6 times (15%), and personalized letters shared a similar presence of 6 instances (15%). General letters and FAQs rubrics were both used 3 times (7.5%), while both executive speeches and interviews showed up twice (5%). Table 24 summarizes the results of this frequencies distribution.

Ultimately, specific references to a Merck spokesperson were present in the content of 27 corporate messages, which accounts for 67.5% of the entire output.

Table 21

Number of Times Strategies Present in Corporate Messages

Strategy	# of Times Used	% of Overall Messages
Mortification	36	90
Rectification w/out assuming responsibility	34	85
Remediation	12	30
Ingratiation	32	80
Bolstering	32	80
Transcendence	5	12.5
Praising others	3	7.5
Non-existence	13	32.5
Denial	13	32.5

Clarification	11	27.5
Too soon to know / No answer yet	12	30
Distance	8	20
Crisis events misrepresented	8	20
Justification	1	2.5
Compassion w/out blame	1	2.5
Suffering strategy	1	2.5

Note: More than one strategy appeared in some items.

Table 22

Dominant Strategies in Corporate Messages

Strategy	# of Times Used	% of Overall Messages
Ingratiation	20	50
Mortification	15	37.5
Non-existence	4	10
Distance	1	2.5
Total	40	100

Table 23

Content / Theme of Corporate Messages

Topic	# of Times Used	% of Overall Messages
Vioxx recall	14	35
Merck financials impacted by recall	7	17.5
Merck & Vioxx in general	5	12.5
Merck's crisis management and the results of the recall	5	12.5
Previous / new Vioxx trials or studies	4	10
Vioxx recall and legal complications	3	7.5
Victims / victims' families	1	2.5
Merck & FDA	1	2.5
Total	40	100

Table 24

Type of Corporate Messages

Type	# Times Used	% of Overall Messages
Press release	10	25
News briefing / Press conference	8	20
Personalized letter	6	15
Statement	6	15
FAQs	3	7.5
General letter	3	7.5
Interview	2	5
Executive speech	2	5
Total	40	100

Analysis of Newspaper Coverage

According to *The New York Times Company* Web site, the paper's daily circulation as of September 2004 was 1,121,057 and its Sunday circulation was 1,680,583. *The Dow Jones & Company* reported a daily circulation of 2,106,774 for *The Wall Street Journal* in 2004.

Newspaper Coverage the First Week after the Vioxx Recall

Two hundred newspaper news/editorial items about the Vioxx recall were analyzed in this study. The first 100 news/editorial items in each of *The New York Times* and *The Wall Street Journal* between October 1, 2004 and February 15, 2005 were observed. For a summary of topics covered by the newspapers in these four-and-a-half months, see Table 25.

Table 25

Summary of Topics Covered – October 1, 2004 – February, 15, 2005

Topic	# in NYT	# in WSJ	Total
Merck's crisis management and the results of the recall	23 (23%)	16 (16%)	39 (19.5%)
Merck's financials impacted by the recall	6 (6%)	23 (23%)	29 (14.5%)
Merck & FDA	13 (13%)	12 (12%)	25 (12.5%)
Vioxx recall	10 (10%)	10 (10%)	20 (10%)
Merck & Vioxx in general	9 (9%)	11 (11%)	20 (10%)
Vioxx recall and legal complications	12 (12%)	6 (6%)	18 (9%)
Other theme	13 (13%)	5 (5%)	18 (9%)
Victims / victims' families	6 (6%)	6 (6%)	12 (6%)
Merck's CEO Gilmartin / Merck's leadership	5 (5%)	7 (7%)	12 (6%)
Previous / new Vioxx trials or studies	3 (3%)	4 (4%)	7 (3.5%)
Total	100 (100%)	100 (100%)	200 (100%)

The following section presents analyses of the news coverage in the four and a half months following the Vioxx recall. Because of greater interest in the recall by media initially for October, separate segments report the analysis for the first day of coverage, the first week of coverage, the second week of coverage and the rest of the month. For November, the analysis is reported in two parts. Analysis results of coverage in December, January and February are reported in monthly increments.

Day 1 – October 1, 2004

There were 20 Vioxx-related items in the two newspapers for October 1, accounting for 33% of the 60 items for the month and for 10% of the overall coverage. Table 26 shows the topics of the news/editorial items the first day after the recall.

Table 26

Topics Covered in Day 1

Topic	# in NYT	# in WSJ	Total
Vioxx recall	4 (44.4%)	5 (45.5%)	9 (45.0%)
Merck's financials impacted by recall	2 (22.2%)	5 (45.5%)	7 (35%)
Victims / victims' families	1 (11.1%)	1 (9.1%)	2 (10.0%)
Previous / new Vioxx trials or studies	1 (11.1%)	0 (0%)	1 (5.0%)
Vioxx recall and legal complications	1 (11.1%)	0 (0%)	1 (5%)
Total	9 (100%)	11 (100%)	20 (100%)

The Vioxx recall and its implications for Merck and the pharmaceutical industry were intensely scrutinized in the first day of coverage. The financial repercussions of the withdrawal were also reported. *The Wall Street Journal* published 11 news/editorial items on October 1, 2004, two more than *The New York Times*.

Nevertheless, *The Times* published an insightful series of in-depth analyses entitled: "Merck and Vioxx: the Company, the Overview, the Clinical Tests, and the Patients." Each of these reports investigated its topic thoroughly and provided extensive information. In the report on the impact of the withdrawal on Merck's current corporate standing, *The Times* noted that the recall came at the worst possible time, since Merck was already lagging behind Pfizer, the industry leader. At the same time, analysts

argued that the Vioxx crisis made it impossible for Merck's new drug Arcoxia, also in Vioxx's class, to be finally accepted in the U.S.

In *The Times*' overview of Merck and Vioxx it was noted that the demise of Vioxx, with sales of $2.5 billion per year, would accentuate the problems that the company already faced due to an obsolete pipeline. "The decision to remove the drug from the market, the largest drug recall in history as measured by sales, comes as Merck has been struggling to find new drugs for its aging product line," it was argued in the piece.

The report on clinical tests emphasized the "worrisome evidence" that "began to emerge shortly after the drug's approval" in 1999. The results of the Vigor trial were cited, along with Dr. Graham's troubling report to Kaiser Permanente and other studies by the Cleveland Clinic and Brigham and Women's Hospital in Boston. Although the director of this latter institution was quoted to say that the Vioxx case is "a terrifying testimony to the power of marketing," *The Times* also quoted Janet Skidmore, a spokeswoman for Merck, stating that "the latest study (APPROVe) was the first clinical trial to show such results and the company took immediate action upon receiving the data."

The *New York Times* article devoted to those most affected by the recall, the patients, presented various recommendations by prominent medical experts on the course patients should take to overcome the crisis. Patients were encouraged not to overreact, but to begin discussions with their doctors and pharmacists on alternative treatments. The FDA was quoted to say that other COX-2 inhibitors had not shown the same cardiovascular effects as Vioxx and serve as viable options, while Dr. Lee Simon, an associate clinical professor at the Harvard Medical School who had previously

worked for the FDA, also advised that patients should be converted “to another COX-2 inhibitor if they have a justification for a COX-2 inhibitor.”

The in-depth reports on the implications of Merck and Vioxx referred repeatedly to Dr. Peter Kim and Raymond Gilmartin’s crisis response messages. With regard to the APPROVe study, Dr. Kim was quoted as saying that “what we found is that beginning after 18 months, there was a discernable and unexpected increase in cardiovascular disease rates.” He was also quoted extensively describing in detail how Merck came to the final decision to order the recall. Finally, Dr. Kim’s surprise at the new results was faithfully reflected in *The New York Times*: “What we saw was stunning. We certainly don’t understand the cause of this effect, but it is statistically significant and it indicated that there is an issue.”

Raymond Gilmartin was also quoted in *The Times*, mostly reinforcing the stability of his leadership position at Merck and bolstering his company’s strength to survive the Vioxx recall, given Merck’s “strong cash flow.”

The Wall Street Journal featured a multitude of articles on Merck’s post-recall financial situation, as well as on the impact of the withdrawal on the markets. Noting that the company’s “stock plunged” after the news, *The Journal* also quoted experts who argued that Pfizer would be one of the biggest beneficiaries of the Vioxx crisis. On the other hand, the Dow Jones Industrial Average was one of the most negatively affected entities. “Merck’s decline was the fourth-largest one-day percentage drop in a Dow-industrials stock since 1993. It knocked Merck’s market value down $26.8 billion to $73.2 billion,” stressed the financial reports. But Judy Lewent, Merck’s chief financial

officer, was also quoted as she strove to give a reason for sticking with Merck stock: “We’re not contemplating cutting the dividend at all,” she said.

The Journal also published an article that addressed the needs of patients and the alternatives to Vioxx. While noting that “a Vioxx patient’s absolute risk of heart attack is small,” the report quoted doctors recommending other COX-2 inhibitors for patients with stomach problems, and over-the-counter pain relievers such as Naproxen for the patients with cardiovascular problems.

An interesting piece in *The Journal* featured enthusiastic praise from several specialists for how Merck broke the news of the recall. Stating from the very outset that “Merck followed the crisis-management playbook yesterday,” the article quoted Gerald C. Meyers, a University of Michigan business professor of organization and management, remarking on Merck’s response: “They’re being very open about what they know. They’re bringing in top people to lend veracity.” In order for Merck’s crisis management to succeed, the former Chairman and CEO of Baxter International, Harry M. Jansen Kraemer Jr., stressed that Merck officials should assure the public that “we will make sure you know day by day what we know.” Joan Wainwright, Merck’s vice president for public affairs, was also quoted in her attempt to emphasize the company’s exemplary preparedness for an event such as the Vioxx recall: “We put our plan in action,” Wainwright said.

Finally, *The New York Times* and *The Wall Street Journal* editorials for October 1 provided a relevant and evident contrast. Entitled “Demise of a Blockbuster Drug,” *The Times* editorial argued that “Evidence that Vioxx may increase the risk of heart attacks and strokes has been accumulating for years, but Merck had always managed to

explain it away." Therefore, "Merck bowed to the inevitable yesterday when it pulled Vioxx." The results of the APPROVe study were considered to represent the "coup de grace" in the Merck and Vioxx case, as the editorial asserted: "It was the latest twist in a sorry tale of how drugs in this class, known as Cox-2 inhibitors, have been oversold."

On the extreme opposite, *The Wall Street Journal* editorial was poetically entitled "A Vioxx Elegy" and emphasized the fact that drugs such as Vioxx do protect the stomach much better than over-the-counter medication, quoting the Acting FDA Commissioner Lester Crawford to say that, even in regard to cardiovascular problems, Vioxx's absolute risk was "very small." *The Journal*'s editorial desk considered that in the case of Vioxx "the real danger to public health will be if Washington overreacts." Thus, an even more meticulous FDA drug-approval process would hurt suffering patients harder by postponing their relief. The editorial also quoted Merck's CEO Raymond Gilmartin arguing that while his company believed it would have been possible to market Vioxx with a new labeling, the withdrawal was the most responsible measure toward patient safety, given the alternative choices.

The dominant strategy within news/editorial items for the first day after the recall was mortification, in the form of rectification, in both newspapers. An example of such rhetoric came directly from Merck's press conference on the day of the recall, when Ray Gilmartin was quoted: "We believe it would have been possible to continue to market Vioxx with labeling that would incorporate the new data, but given the availability of alternative therapies, we concluded that a voluntary withdrawal is the responsible course to take." Table 27 summarizes the dominant strategies present in each newspaper the first day following the recall of Vioxx.

Table 27

Dominant Strategies Present in Each Newspaper – Day 1 of Coverage

Strategy	# of News/Ed. Items NYT	# of News/Ed. Items WSJ	Total
Mortification	7	8	15
Ingratiation	1	3	4
Non-existence	1	0	1
Total	9	11	20

Rest of Week 1, October 2004

There were 18 Vioxx-related items in the two newspapers for the rest of Week 1 in October, 2004, which accounted for 30% of the 60 items for the month and for 9% of the overall coverage. Each newspaper contributed 9 stories on the Vioxx case. Most of the 18 reports came on the 5th of the month, as the coverage's dominant themes concerned the results of Merck's crisis management response and the legal complications adjacent to the recall. Table 28 shows the topics of the news/editorial items the first day after the recall.

Table 28

Topics Covered in the rest of Week 1, October 2004

Topic	# in NYT	# in WSJ	Total
Merck's crisis management and the results of the recall	2 (22.2%)	2 (22.2%)	4 (22.2%)
Vioxx recall and legal complications	3 (33.3%)	1 (11.1%)	4 (22.2%)
Vioxx recall	2 (22.2%)	1 (11.1%)	3 (16.7%)
Merck & Vioxx in general	0 (0%)	2 (22.2%)	2 (11.1%)
Victims / victims' families	1 (11.1%)	1 (11.1%)	2 (11.1%)
Merck & FDA	0 (0%)	2 (22.2%)	2 (11.1%)

Other theme	1 (11.1%)	0 (0%)	1 (5.6%)
Total	9 (100%)	9 (100%)	18 (100%)

On October 2, *The New York Times* published an opinion piece authored by one of the main actors in the Vioxx case. He was Dr. Eric J. Topol, chairman of the department of cardiovascular medicine at the Cleveland Clinic, an energetic adversary of Vioxx and Merck. Topol, in a tone similar to the one of the *Times* editorial on the previous day, noted: “After three years of denying that the arthritis drug Vioxx could induce heart attacks and strokes, this week Merck bowed to the reality: it withdrew Vioxx from the market.” Topol went on to assert that the failure of Vioxx also represents a failure of the FDA to appropriately monitor the pharmaceutical industry and the entire class of arthritis drugs. He made reference to the controversial study that a team of Cleveland Clinic doctors, which included Topol, published in 2001. This study found that compared to Naproxen, Vioxx had a five times greater heart attack risk. “Our study was followed by several others demonstrating Vioxx’s dangers,” wrote Topol. “Each time Merck had a similar reply: the study was ‘flawed.’”

Ultimately, the Cleveland cardiologist outlined two issues of concern. One dealt with the fact that the risk of a heart attack or stroke, which the APPROVe trial found at 15 cases per 1,000 patients, may be a great underestimation, since the trial did not include anyone with known heart disease. The second issue regarded the safety of all Cox-2 inhibitors, an undocumented matter, according to the author. “Instead of doing the requisite research in patients with heart disease – who frequently have arthritis as well and are thus prime users of anti-inflammatory medicines – the company undertook studies that avoided them,” argued Topol. “Our two most common deadly diseases should not be caused by a drug,” he concluded.

The October 3 *New York Times* further observed Merck's post-recall stock decline that reached 27%. On the 4th, the *Times* informed on one of the results of the Vioxx recall: a renewed scrutiny for Cox-2 inhibitors such as Celebrex and Bextra, drugs in the same class as Vioxx. It was reported that Merck's rival Pfizer was taking a surprising stance by looking into whether Celebrex may actually prevent heart attacks. Medical experts quoted in the article provided contrasting opinions on the safety of Cox-2 inhibitors. Merck was also cited to have said that it withdrew Vioxx as a result of the APPROVe findings, while "the reason for the greater risk (in Vioxx) is not known."

The October 4 *Wall Street Journal* reported on the emergence of a congressional investigation into how efficiently the FDA handles drug-safety concerns. The chairman of the Senate Finance Committee, Iowa Republican Charles Grassley, was quoted to express worries that the FDA may have been "foot dragging" in its handling of Vioxx. Nevertheless, in the same article, the FDA's response was that it vigilantly pressured Merck to undertake appropriate studies and test Vioxx. Merck's decision to employ rectification in the aftermath of the APPROVe findings was also outlined.

On the 5th of October *The New York Times* reported that Merck's Vioxx recall "could lead to an onslaught of new lawsuits against the company." Notably, the article stated that several Vioxx lawsuits were already ongoing at the time of the recall. Lawyers representing injured patients were quoted to claim that the recall will energize and speed up their legal efforts. Independent analysts emphasized incertitude in regard to how the recall was going to play in the court: "Whether the decision to recall the product ends up undermining Merck's legal defenses or improving its image to juries is less predictable." The article also reflected Merck's denial by noting: "Merck had

contested all previous reports that Vioxx was dangerous, contending they were based on faulty or inconclusive research."

Another article in the *Times* of October 5 drew the lesson of caution in approaching all new drugs out of the Vioxx case. Patients were advised by several physicians to use traditional drugs such as Aleve if they are uncertain about Cox-2 inhibitors or do not see a particular benefit. Reference was also made to the mechanism behind Merck's recall.

Employing a totally different approach, an October 5 *Wall Street Journal* report was designed to put side effects of drugs in perspective. It stipulated that "despite the Vioxx withdrawal, the benefits of medicines can outweigh the risks." Several medical experts were quoted as expressing a similar view: in most cases, the risks are quite small and the advantages considerably more significant. "The key,' argued the report, 'is that each choice should be made on an individual basis, and that valuable drugs shouldn't be flatly shunned when they can provide important benefits for the right patient."

Also on October 5, the *Journal* provided an evaluation of Vioxx's altnernatives. Acupuncture, an injectable painkiller (hyahronic acid), osteopathic manipulative treatment, joint replacement, and diet and exercise were all discussed as viable options. Notably, unlike the *New York Times*, the *Journal* did not make reference to traditional drugs such as Naproxen (Aleve).

The October 5 *Journal* also touched on the issue of the Vioxx litigation, reporting that plaintiffs may center their argument around a landmark 2001 FDA warning addressed to Merck. In this cautionary letter, the agency pointed out to CEO Gilmartin

that Merck's Vioxx-related advertising campaign discounts the results of the Vigor trial, while the company's theory that Naproxen protects the heart is a guess. "You fail to disclose that your explanation is hypothetical, has not been demonstrated by substantial evidence, and that there is another reasonable explanation, that Vioxx may have pro-thrombotic properties," it was argued in the FDA letter cited in the *Journal*. While acknowledging that the final outcome of the lawsuits is impossible to predict, analysts quoted by the *Journal* estimated that the costs for Merck could reach $10 billion or more. Merck spokesperson Tony Plohoros was also quoted to deny allegations and apply a touch of bolstering to the company's position: "We are comfortable that Merck's disclosures were appropriate. We believe our communication adequately reflected our best understanding of the data."

The *Wall Street Journal* of October 6 provided a report designed to guide investors to diversify their investment in drugs as a result of the Vioxx recall. Nevertheless, the article included euphoric praise for Merck, as the author proclaimed: "I'll say this for Merck. Once the big pharmaceutical company realized there was a problem with Vioxx, it didn't take any halfway measures. It pulled the blockbuster pain-relieving drug off the market. It did it on its own initiative, not after being prodded by regulators. It was forthright in its public statements. This is the kind of company I want to invest in."

An extremely relevant article in the October 6 *Journal* talked about FDA's Dr. Graham's study for Kaiser Permanente, which concluded that Vioxx may have led to more than 27,000 heart attacks and sudden cardiac deaths. The analysis specifically found that for the four years following the release of Vioxx on the market an estimated

27,785 fatal cardiovascular events “would have been avoided” had Celebrex been used instead of Vioxx. The report noted that the numbers “are projections based on findings from an analysis of a database of patients of Kaiser Permanente, the big health-maintenance organization.” Both the FDA and Merck spokespersons were quoted to express their need for additional information and time in order to comment: “Merck cannot comment on the full study, as we have not yet had the opportunity to review it. Merck believes that clinical trials are the best way to evaluate the safety of medicines, while epidemiology studies are limited in their ability to understand effects,” a Merck spokesman was quoted to say.

An opinion piece in the *Wall Street Journal* of October 6 by one of the members of the editorial staff argued that the principal problem in the Vioxx case is not the drug, but the health care system. Entitled “Good Drug, Bad Customers,” the piece argued: “More than anything else, the episode illustrates how bollixed up our health-care financing system is. The bollixing is particularly detrimental to drug companies, or so we’d argue, because their products are rigorously tested and, unlike much of health care, can offer unambiguous value in the hands of the right customer.”

The following day, on October 7, the *Journal* featured two Vioxx-related news/editorial items. One was a report on Dr. Eric Topol’s upcoming editorial in *The New England Journal of Medicine* that argued for a congressional investigation into how the FDA allowed the continuing marketing of Vioxx despite adverse evidence. Merck was quoted in response to the editorial by denying Topol’s “flawed” assertions and bolstering the company’s responsible handling and disclosure of data in regard to its arthritis drug.

The second item of interest was a letter to the editor signed by Marcia Angell, a senior lecturer at The Harvard Medical School, in response to the *Journal*'s "Vioxx Elegy" on October 1. Angell expressed her strong disagreement with the editorial desk's managing "to make a success story out of Merck's decision to withdraw its arthritis drug Vioxx." In reality, argued Angell, "the fact that Vioxx probably increased the risk of heart attacks and strokes was known for three years, but Merck downplayed it and did not undertake studies to settle the matter, while the FDA sat on its hands. As you acknowledged, the risk was confirmed only serendipitously in a clinical trial for another purpose," concluded the Harvard lecturer.

The rest of Week 1 of Vioxx recall coverage was dominated by mortification, while ingratiation, non-existence, and the "too soon to know" strategy also dominated at times. As both papers provided the same number of relevant items (9), *The Wall Street Journal*, although more partisan, covered a broader range of issues than *The New York Times* and offered a larger variety of perspectives. In this sense, there was an often-striking discrepancy between the *Journal*'s editorial positions and some of the disclosures in the news articles, such as the one discussing Dr. Graham's study. An example of Merck's mortification present in the coverage was the company's reaction to both Dr. Topol's and Dr. Graham's assertions, a response which stressed that only randomized clinical trials provide reliable information and that Merck rectified the problem by withdrawing Vioxx as soon as it had such information. Table 29 displays the dominant strategies present in each newspaper for the rest of Week 1 of coverage.

Table 29

Dominant Strategies Present in Each Newspaper – the Rest of Week 1, October 2004

Strategy	# in NYT	# in WSJ	Total
Mortification	7 (77.8%)	6 (66.7%)	13 (72.2%)
Ingratiation	1 (11.1%)	2 (22.2%)	3 (16.7%)
Non-existence	1 (11.1%)	0 (0%)	1 (5.6%)
Too soon to know / No answer yet	0 (0%)	1 (11.1%)	1 (5.6%)
Total	9 (100%)	9 (100%)	18 (100%)

Week 2, October 2004

There were 9 Vioxx-related items in the two newspapers for Week 2 in October, 2004, which accounted for 15% of the 60 items for the month and for 4.5% of the overall coverage. The *New York Times* published 4 articles on the Vioxx case, while the *Wall Street Journal* featured 5. Most of the 9 reports came on the 8th of the month, while the dominant theme of the coverage dealt with the recall itself. Table 30 shows the topics of the news/editorial items for Week 2 of October.

Table 30

Topics Covered in Week 2, October 2004

Topic	# in NYT	# in WSJ	Total
Vioxx recall	2 (50%)	1 (20%)	3 (33.3%)
Merck's crisis management and the results of the recall	1 (25%)	1 (20%)	2 (22.2%)
Merck & FDA	1 (25%)	1 (20%)	2 (22.2%)
Merck's CEO Gilmartin/ Merck's leadership	0 (0%)	2 (40%)	2 (22.2%)
Total	4 (100%)	5 (100%)	9 (100%)

On October 8, 2004, *The New York Times* published a Merck corporate response to Dr. Eric J. Topol's October 2nd opinion editorial, which had criticized Merck for the company's irresponsibility in dealing with Vioxx. Merck's reply stressed strong disagreement with the conclusions of the Cleveland doctor and argued that "Merck studied Vioxx in 28,000 patients in randomized, controlled clinical trials that included patients at higher risk for cardiovascular disease." The company went on to say that there was no clear indication of Vioxx's dangers as compared to placebo until the APPROVe results. Then, "Merck has acted responsibly and in the best interests of patients by withdrawing Vioxx," concluded the company's letter to the editor.

The Wall Street Journal of October 8 published a highly relevant report on internal e-mail exchanges between FDA leadership and Dr. Graham. The interplay displayed the agency's dissatisfaction with the conclusions of Graham's study and emphasized the pressures the doctor was subjected to so that he will modify his report. FDA officials argued that Dr. Graham's recommendation against high-dose Vioxx was "unnecessary and particularly problematic," while Graham might be asked to present "an alternative FDA opinion on this." In response, the doctor stated that he had "gone about as far as I can without compromising my deeply-held conclusions about this safety question."

A financial report in the October 8 *Journal* noted that, contrary to expectations, Pfizer and other pharmaceutical companies did not seem to benefit too much from the Vioxx recall, as investors were reluctant to put money in drug stocks amidst concerns that the entire class of Cox-2 inhibitors may pose cardiovascular threats.

On October 10, 2004, *The New York Times* noted the same negative trend in drug investments, referring to Merck's declining stock and disaffected shareholders. The following day, on the 11th, the *Journal* featured an interesting report on Merck's board of directors that had begun to look sooner than many expected for a replacement to CEO Raymond Gilmartin. A board member, William G. Bowen, was quoted as saying that the search would also look outside the company, a statement that contradicted Gilmartin's earlier remarks that a successor will be elected from inside the company. Nevertheless, the article underlined that Gilmartin said he will not resign before his scheduled retirement, and Bowen also confirmed that this was going to be the case. A Merck spokesman was quoted to decline comments on the matter.

On October 12, the *Journal* also reported an initiative by a group of state attorneys general to help facilitate the Vioxx reimbursements. According to the attorneys, the requirements for patients seeking a refund were too complicated and the procedure too time-consuming. Instead of asking for both a receipt and the unused pills, Merck should only demand a receipt in order to provide refund. A spokesman for Merck was quoted to say that the company will be "working cooperatively" with these representatives of the law to "ensure that patients have access to both the information and the resources they need to ensure that they can easily receive a refund for their unused Vioxx."

The *New York Times* of October 12 published an article that explored the implications of the Vioxx scandal in regard to drug advertising. It was noted that Merck's aggressive advertising campaign played a major role in Vioxx's wide prescription, even though many medical experts argued patients would have been just as well or better off

with traditional over-the-counter drugs. The report mentioned that Merck recalled Vioxx as a result of the APPROVe findings. An FDA spokesman was quoted to say that the agency will not impose harsher restrictions on drug advertising as a consequence of the Vioxx case.

Finally, a *New York Times* piece on October 14 reported Merck's attempts to get Arcoxia, a drug similar to Vioxx, on the American market. While experts were concerned that the drug may have effects similar to its predecessor, Raymond Gilmartin was quoted as saying that "the data that we have around Arcoxia basically indicates that there are no safety issues."

Week 2 of October was dominated by the same mortification, as each newspaper report made reference to Merck's rectification and the APPROVe trial's results that triggered it. An example of this corporate rhetoric was the company's assertion in reaction to Dr. Topol's charges that it acted responsibly by recalling Vioxx from the world market as soon as it had appropriate evidence. Both newspapers featured insightful reports, with *The Times* featuring Merck's important letter to the editor and *The Journal* publishing the highly relevant e-mail interplay between Dr. Graham and his superiors at the FDA. A notable difference in coverage shows that ingratiation and mortification were on equal footing in the *New York Times*, while mortification clearly dominated in the *Wall Street Journal* news/editorial items. Table 31 displays the dominant strategies present in each newspaper during Week 2 of October, 2004.

Table 31

Dominant Strategies Present in Each Newspaper – Week 2, October 2004

Strategy	# in NYT	# in WSJ	Total
Mortification	2	4	6
Ingratiation	2	1	3
Total	4	5	9

Part 2 of October, 2004

There were 13 Vioxx-related items in the two newspapers for part 2 of October, 2004, which accounted for 21.6% of the 60 items for the month and for 6.5% of the overall coverage. The *New York Times* published 7 articles on the Vioxx case, while the *Wall Street Journal* featured 6. Most of the 9 reports came on the 22nd of the month, while the dominant themes of the coverage dealt with Merck's financial situation and its crisis management efforts. Table 32 shows the topics of the news/editorial items for Part 2 of October.

Table 32

Topics Covered in Part 2 of October 2004

Topic	# in NYT	# in WSJ	Total
Merck financials impacted by recall	1 (14.3%)	2 (33.3%)	3 (23.1%)
Merck's crisis management efforts impacted by recall	3 (42.9%)	0 (0%)	3 (23.1%)
Merck & Vioxx in general	1 (14.3%)	1 (16.7%)	2 (15.4%)
Merck's CEO Gilmartin / Merck's leadership	0 (0%)	2 (33.3%)	2 (15.4%)
Other theme	2 (28.6%)	0 (0%)	2 (15.4%)
Merck & FDA	0 (0%)	1 (16.7%)	1 (7.7%)
Total	7 (100%)	6 (100%)	13 (100%)

On October 18, *The Journal* featured a letter to the editor by Merck Board of Directors member Lawrence A. Bossidy, who was responding to the article published in this newspaper several days before with regard to a possible successor to Raymond Gilmartin. Bossidy stressed that the search for a new CEO "predates the recent Vioxx announcement and in no way implies the board's dissatisfaction with Merck's current management, strategies and operations."

The New York Times on the 19th reported Merck's presentation in San Antonio of the APPROVe results, which prompted the company to employ rectification while recalling Vioxx. According to this presentation, 30 patients of 1,287 who took Vioxx had a cardiac event, compared to 11 of 1,299 on the placebo. Some 15 patients on Vioxx had a stroke, compared to 7 on placebo. The article noted that Merck used the occasion to also advertise its new Vioxx-type drug, Arcoxia, a medication still waiting approval from the FDA.

The same day, *The Journal* published a story that discussed the agency's uncertainty with regard to the extrapolation of Vioxx's effects to the entire class of Cox-2 inhibitors. "Is this a class effect and do we have to worry about the other drugs on the market?" An FDA spokeswoman was quoted by the *Journal* saying: "At this point, we don't have any definitive evidence." The *Journal* also noted that Merck released information in San Antonio supporting the safety of Arcoxia. The steps behind the Vioxx recall were also described.

The following day the *Times* further explored the Arcoxia issue, reporting that a Merck study "of 7,000 people with osteoarthritis showed that those taking Arcoxia had a similar heart risk as those taking a widely used generic treatment."

On October 22, 2004, both newspapers reported on Merck's announcements of third-quarter earnings. They had plunged 29% as a result of the recall, along with the value of shares, which dropped from 82 cents to 60, and the net income, which dropped from $1.86 billion to $1.33 billion. Sales were also falling 4%. The papers noted that Merck evaluated initial costs of withdrawing Vioxx to reduce net income by $552.6 million, or 25 cents. Tony Plohoros, a spokesman for Merck, was quoted saying that "most analysts had expected the company to take the full expense of the Vioxx recall during the fourth quarter." Significantly, even though Merck's corporate messages for October 22 featured a lot of ingratiation, none made its way into either paper.

The Wall Street Journal of October 22 published a reaction letter from a Florida doctor to Marcia Angell's critique of Merck, which the newspaper had featured at the end of the first week of Vioxx recall coverage. In his analysis, Dr. Jeffrey J. Sourbeer argued Angell's statement that Cox-2 inhibitors are no better than over-the-counter drugs for relieving arthritis symptoms was misleading. He went on to explain that while the claim has a statistical basis, physicians treat individuals and many patients found considerable benefits in Vioxx. Sourbeer concluded: "It is a pity that, because of the high costs of litigation and our imperfect system of discerning and sharing knowledge about risks of treatment, we cannot accommodate the individuals who truly benefit from such drugs."

On October 24 the *Times* published a report on the United States' health indicators, some of which ranked very poorly, behind Slovenia and ahead of Portugal. In this context, the impact of the drug market on the nation's welfare was analyzed. The

Vioxx case, along with other examples, was outlined to evidence the “triumph of marketing over science.”

The next day, October 25, the *Times* also noted that the Vioxx recall had prompted The European Medicines Agency to review all pain relievers. Merck’s rationale behind withdrawing its arthritis drug was described.

On the 27, the *Journal* published a furious letter to the editor by an enraged Merck shareholder. He attacked the arguments of several individuals on the company’s board of directors who had praised Merck‘s leadership. Stressing that he was a company shareholder who was going to use Merck stock for retirement, but who now has to work a few more years, Paul Barnsica stated:

> What would Merck management have to do to receive a dissatisfied appraisal? Over the past four years, Merck stock has plummeted to about $30 a share from $90, even the most optimistic analysts are predicting a dismal year and the product outlook and pipeline is sparse, if not dry. Employees are laid off, but the compensation and benefits committee that Mr. Bossidy leads provides senior management with multimillion-dollar bonuses.

Finally, on October 29, the *Times* looked into how vaccines may become more profitable for business than drugs. Reference was made to Merck’s attempts to launch a new vaccine, an endeavor obstructed by the company’s increasing concerns for liability in light of the Vioxx litigation.

Part 2 of October, 2004 featured the same emphasis on Merck’s mortification. While direct references to company spokespersons were sparser than before, detailed references to the APPROVe trial and Merck’s subsequent rectification efforts were

frequently highlighted and always served as a starting point for analyzing ramifications of the case. During this period, it was the *Journal*'s turn to feature more ingratiation than the *Times*, while the latter publication emphasized more mortification. Non-existence dominated once in the coverage of the *Journal* and the suffering strategy prevailed on one occasion in the *Times*. Table 33 displays the dominant strategies present in each newspaper during Part 2 of October, 2004.

Table 33

Dominant Strategies Present in Each Newspaper – Part 2 of October, 2004

Strategy	# in NYT	# in WSJ	Total
Mortification	5	3	8
Ingratiation	1	2	3
Non-existence	0	1	1
Suffering strategy	1	0	1
Total	7	6	13

Overall, the month of October provided 60 news/editorial items, which accounted for 30% of the total 200 items retrieved for the entire timeframe of study. Tables 34-36 summarize key aspects of the coverage for this month.

Table 34

Newspaper Coverage by Date – October, 2004

Date	NYT	WSJ	Combined Total
October 1	9 (31%)	11 (35.5%)	20 (33.3%)
October 2	2 (6.9%)	0 (0%)	2 (3.3%)
October 3	1 (3.4%)	0 (0%)	1 (1.7%)
October 4	3 (10.3%)	1 (3.2%)	4 (6.7%)
October 5	3 (10.3%)	3 (9.7%)	6 (10%)
October 6	0 (0%)	3 (9.7%)	3 (5%)
October 7	0 (0%)	2 (6.5%)	2 (3.3%)
October 8	1 (3.4%)	2 (6.5%)	3 (5%)
October 10	1 (3.4%)	0 (0%)	1 (1.7%)
October 11	0 (0%)	2 (6.5%)	2 (3.3%)

October 12	1 (3.4%)	1 (3.2%)	2 (3.3%)
October 14	1 (3.4%)	0 (0%)	1 (1.7%)
October 17	1 (3.4%)	0 (0%)	1 (1.7%)
October 18	0 (0%)	1 (3.2%)	1 (1.7%)
October 19	1 (3.4%)	1 (3.2%)	2 (3.3%)
October 20	1 (3.4%)	0 (0%)	1 (1.7%)
October 22	1 (3.4%)	3 (9.7%)	4 (6.7%)
October 24	1 (3.4%)	0 (0%)	1 (1.7%)
October 25	1 (3.4%)	0 (0%)	1 (1.7%)
October 27	0 (0%)	1 (3.2%)	1 (1.7%)
October 29	1 (3.4%)	0 (0%)	1 (1.7%)
Total	29 (100%)	31 (100%)	60 (100%)

Table 35

Dominant Strategies Present in Each Newspaper – October 2004

Strategy	# in NYT	# in WSJ	Total
Mortification	21	21	42
Ingratiation	5	8	13
Non-existence	2	1	3
Suffering strategy	1	0	1
Too soon to know / No answer yet	0	1	1
Total	29	31	60

Table 36

Summary of Topics Covered – October, 2004

Topic	# in NYT	# in WSJ	Total
Vioxx recall	8 (27.6%)	7 (22.6%)	15 (25%)
Merck's financials impacted by the recall	3 (10.3%)	7 (22.6%)	10 (16.7%)
Merck's crisis management and the recall's results	6 (20.7%)	3 (9.7%)	9 (15%)
Merck & FDA	1 (3.4%)	4 (12.9%)	5 (8.3%)
Vioxx recall and legal complications	4 (13.8%)	1 (3.2%)	5 (8.3%)
Merck & Vioxx	1 (3.4%)	3 (9.7%)	4 (6.7%)

Victims / victims' families	2 (6.9%)	2 (6.5%)	4 (6.7%)
Merck's CEO / Merck's leadership	0 (0%)	4 (12.9%)	4 (6.7%)
Other theme	3 (10.3%)	0 (0%)	3 (5%)
Previous/new Vioxx trials or studies	1 (3.4%)	0 (0%)	1 (1.7%)
Total	29 (100%)	31 (100%)	60 (100%)

As shown in the tables, most of the coverage came in the first day and in the first week of the month. Another high-point was October 22, when Merck announced its third-quarter earnings. In terms of the dominant strategies, while mortification was reflected perfectly equally, it is noteworthy that *The Wall Street Journal* emphasized more ingratiation than *The New York Times*. This may suggest that *The Journal* was more sympathetic and supportive of Merck. Nevertheless, *The Journal*'s coverage featured several incisive news reports that significantly undermined the cases made by both Merck and the FDA. At the same time, *The Times* had a larger variety of strategies dominating.

With regard to the topics covered, *The Journal* was preoccupied with issues such as Merck's leadership, the company's post-recall finances, and the implication of the FDA, more than *The Times*. On the other hand, *The New York Times* manifested more interest towards themes such as the broad ramifications of the recall and the legal complications that Merck was facing.

Part 1 of November, 2004

The first part of November yielded 26 Vioxx-related news/editorial items, accounting for 52% of the 50 items for the month and for 13% of the overall coverage. The *New York Times* published 12 articles on the Vioxx case, while the *Wall Street*

Journal featured 14. Most of the 26 reports came on the 5th of the month, while the dominant themes of the coverage dealt with the relationship between Merck and the FDA and with Merck's Vioxx-regarding legal problems. Table 37 shows the topics of the news/editorial items for Part 1 of November.

Table 37

Topics Covered in Part 1 of November, 2004

Topic	# in NYT	# in WSJ	Total
Merck & FDA	4 (33.3%)	4 (28.6%)	8 (30.8%)
Vioxx recall and legal complications	5 (41.7%)	2 (14.3%)	7 (26.9%)
Merck & Vioxx	2 (16.7%)	3 (21.4%)	5 (19.2%)
Merck's financials impacted by recall	1 (8.3%)	3 (21.4%)	4 (19.2%)
Vioxx recall	0 (0%)	1 (7.1%)	1 (3.8%)
Merck's CEO / Merck's leadership	0 (0%)	1 (7.1%)	1 (3.8%)
Total	12 (100%)	14 (100%)	26 (100%)

On November 1, 2004, *The Wall Street Journal* delivered a shattering blow to Merck's Vioxx-related crisis management efforts. The paper published excerpts of Merck e-mails and internal communication that showed the company was fully aware of the effects of Vioxx as early as the late 90's. According to the report, Merck suspected from the very beginning that a drug such as Vioxx would lead to cardiovascular complications, while the company strove to set up a study that would best camouflage this reality.

The Journal noted that "several company officials discussed in e-mails how to design a study that would minimize the unflattering comparison (to cheaper painkillers), even while admitting to themselves that it would be difficult to conceal." Also reported in

The Journal were all of the following: that in a 1997 e-mail, a Merck official noted that unless patients in the Vioxx group do not also take aspirin alongside, “you will get more thrombotic effects and kill the drug”; that Dr. Alise Reicin, now Merck’s vice president for clinical research, responded then that the company was in a “no-win situation” with Vioxx and that she “can’t wait to be the one to present those results to senior management”; that in 2000, in the aftermath of the Vigor findings, Edward Scolnick, Merck’s research chief, e-mailed his colleagues and wrote that Vioxx’s dangerous side effects are “clearly there,” calling it a “shame”; and that Scolnick also said about the impact of Vioxx: “it is a low incidence and it is mechanism based as we worried it was.”

Consequently, in the years that followed Merck did anything possible to conceal, downplay, or reinterpret the damaging evidence. The efforts ranged from a 16-page Merck training document created to help representatives avoid physicians’ questions and entitled “DODGE,” to the harassment and pressuring of medical experts who spoke against the company.

In response to the article, Merck was quoted in *The Journal* as saying that “the documents are taken out of context,” since the company “acted in the best interest of patients.” Ted Mayer, a lawyer representing Merck argued that the documents “did not accurately represent the conduct of Merck and its employees.” He also stated that Merck “is committed to open and vigorous scientific debate,” and “never has had a policy of retaliating against scientists.”

The Journal also quoted Merck’s recent corporate statement that announced information was going to be “misrepresented” in reporting and presented out of context,

while the company “will not contextualize it” and “will not respond” because the documents form the object of legal investigations.

Also on November 1, *The Journal* announced that the FDA asked Merck for more safety and efficacy data before it can approve Arcoxia, the new painkiller.

On the second day of the month, *The Journal* reported that Merck’s stock price fell $3.03, or an additional 9.7%, as a result of the newspaper’s disclosures of Merck internal e-mails. The report reiterated that, despite these revelations, Merck called the APPROVe results “unexpected.” The company was quoted to say once again that documents “will be deliberately presented out of context to advance the interests” of plaintiffs, while Merck has acted responsibly in withdrawing Vioxx immediately after receiving the right type of evidence. Also noted was the fact that Merck had asked for all federal court Vioxx cases to be consolidated into one court, under one judge.

The Times of November 2 reported that Senate investigators had interviewed an Alabama lawyer whose firm had filed 58 lawsuits against Merck. A reference was made to the recent disclosures in the *Wall Street Journal* and Tony Plohoros of Merck was quoted saying that, based on past experience of other companies in similar situations, Merck was aware “that documents will be deliberately presented out of context to advance the interest of parties who have started the Vioxx litigation.”

On the 3rd day, *The Times* noted that the FDA published a memorandum that indicated Vioxx contributed to 27,785 heart attacks and deaths from 1999 through 2003. The memo was in fact based on Dr. Graham’s study that the agency had tried to suppress initially, only to push it forward now, when in need. Janet Skidmore, a spokeswoman for Merck, was quoted as saying that the company had no immediate

comment. The following day *The Times* published an article similar to the one featured by *The Journal* on November 1. It dealt with excerpts from FDA e-mails between Dr. Graham and his superiors that outlined the agency's distaste for the doctor's study and stressed internal tensions. One of Dr. Graham's bosses, Dr. Anne Trontell, referred to the study "as nothing more than scientific rumors." Dr. Graham replied: "For all the center claims in its operating principles that respect for others is a core value, my experience with rofecoxib (Vioxx) was just the opposite from management, once the results from this study and their potential implications came to light in August."

The November 5 *Times* reported on a storm of lawsuits gathering against Merck, additionally fueled by a scientific study in the British medical journal *The Lancet*, which concluded Vioxx should have been withdrawn years ago. Along with the study, this edition of this medical publication featured an analysis written by the publication's editor, who argued that "with Vioxx, Merck and the F.D.A. acted out of ruthless, short-sighted and irresponsible self-interest." In response, *The Times* quoted a Merck statement stipulating that, while the *Lancet* study was not comprehensive or new, "Merck was vigilant in monitoring and disclosing the cardiovascular safety of Vioxx, and we absolutely disagree with any implication to the contrary." The company's rectification measures were also detailed in this article. An FDA spokesman who was quoted also denied the new accusations.

The Journal of November 5 continued to observe the pressures on CEO Raymond Gilmartin to resign. The *Lancet* study and Merck's deteriorating financial situation, along with the numerous lawsuits, were discussed in relation to this issue. Another article informed on the FDA's corrective measures designed to enhance the

meticulousness of the agency's scrutiny as a result of the Vioxx scandal. The next day, *The Journal* detailed some of these measures which focused on creating more independent review. An independent commission of experts was going to be put together to investigate and decide if the agency's system of checks was obsolete or still viable. A subsequent report on the 8th continued to explore this matter.

On November 9, *The New York Times* announced that Merck received a subpoena from the Justice Department that requested information on the Vioxx case. The request came in relation to an undergoing federal health investigation. In the article, *The Times* quoted Merck stating that it "acted appropriately and responsibly in developing and marketing Vioxx." Another *New York Times* report noted that Merck was now facing a "twin Vioxx inquiry." Merck was quoted once again arguing that it "acted in what it believed to be the best interest of patients." Nevertheless, newspaper articles on the following days reported that Merck's stock was continuing its plunge, falling 57 cents and hitting $26. *The Times* announced on the 10th that a new study found Bextra, Vioxx's competitor manufactured by Pfizer, to pose even more cardiovascular threats than Merck's recalled painkiller.

A *Journal* article on the same day reviewed the FDA's recent testimony in front of a congressional committee, which stressed the agency's incertitude in regard to Vioxx. An FDA reviewer had written in 1999 that the question of Vioxx's safety was "impossible to answer with complete certainty." Senator Charles Grassley, chairman of the Senate Finance Committee, argued in the article that "the FDA saw a lot of red flags from the beginning." The fight between Merck and the FDA on the post-Vigor Vioxx labeling was

also detailed. The same report informed on Dr. Graham's testimony in front of the same committee and the doctor's confidence in the findings of his study.

Another November 10 *Times* article noted that Moody's Investors Services downgraded Merck's long-term debt rating two notches, from Aaa to Aa2. In response, Caroline Dorsa, vice president and treasurer for Merck, was quoted saying that the change "doesn't impact our confidence in our prospects and it doesn't in any way change the conservative financial management profile that the company has had for many, many years." Dorsa also stated that Merck had "a very strong liquidity position."

Amidst all these developments, *The Wall Street Journal* published a rather bizarre opinion editorial, in which Holman W. Jenkins, Jr. made the case that withdrawing Vioxx was not the right thing to do. "Merck was evidently bidding for public admiration in sacking its biggest revenue spinner," argued Jenkins. "If so, the tactic seems to have failed catastrophically. And contrary to the tone of much recent coverage, doctors had long understood that the patients taking Vioxx would suffer more heart attacks than patients taking conventional pain relievers." The writer went on to say that the reason Merck was facing a terrible situation was not because Vioxx was unsafe, "but because the wrong people were taking it – a problem for which doctors and the insurance system are also to blame."

A November 13 *Times* report informed that a researcher was told by the FDA that he could not be part of a panel reviewing Cox-2 inhibitors because he publicly stated Pfizer was knowingly making a harmful painkiller. Thus, Dr. Curt D. Furberg of Wake Forest University was prevented from participating because, according to an FDA spokeswoman, he had a "conflict of interest."

Finally, on November 14, 2004, *The New York Times* published an in-depth overview of Merck and Vioxx that incorporated all the recent developments in the crisis. The conclusions were that the company had marketed the drug irresponsibly and that the major costs of the recall were ahead, in settling lawsuits and other legal battles, the outcome of which could potentially decide the ultimate fate of the company. Merck was quoted repeatedly in the article, arguing that it took “prompt and decisive action” right after it received appropriate evidence.

Part 1 of November continued to have mortification as the dominant strategy reflected in the coverage. Nevertheless, this period inaugurated a much more diverse distribution of dominant strategies. Thus, ingratiation comes in a close second, while non-existence and distance strategies also play an important role. An example of Merck’s mortification for Part 1 of November was the company’s constant reiteration that it believes randomized clinical studies are the only reliable way to test drugs and that it engaged in rectification as soon as it possessed troubling data from such a study. Notably, the strategy of silence, or stated “no comment,” appeared for the first time and dominated in one case. Also interesting is the fact that, although it published fewer news/editorial items on Vioxx, *The Times* coverage reflected a larger variety of dominant strategies. *The Journal* once again reflected Merck’s ingratiation more than *The Times*, even though several of its news reports hit hard the company’s legitimacy. Table 38 displays the dominant strategies present in each newspaper during Part 1 of November, 2004.

Table 38

Dominant Strategies Present in Each Newspaper – Part 1 of November, 2004

Strategy	# in NYT	# in WSJ	Total
Mortification	5 (41.7%)	6 (42.9%)	11 (42.3%)
Ingratiation	3 (25%)	5 (35.7%)	8 (30.8%)
Non-existence	1 (8.3%)	2 (14.3%)	3 (11.5%)
Distance	1 (8.3%)	1 (7.1%)	2 (7.7%)
Too soon to know / No answer yet	1 (8.3%)	0 (0%)	1 (3.8%)
Silence	1 (8.3%)	0 (0%)	1 (3.8%)
Total	12 (100%)	14 (100%)	26 (100%)

Part 2 of November, 2004

There were 24 items discussing the Vioxx case in the two newspapers for the second part of November. They accounted for 49% of the 50 items for the month and for 12% of the overall output. Sixteen items appeared in the New *York Times*, while *The Wall Street Journal* published only 8. The dominant theme of the coverage dealt with the relationship between Merck and the FDA. Table 39 shows the topics of the news/editorial items for Part 2 of November.

Table 39

Topics Covered in Part 2 of November, 2004

Topic	# in NYT	# in WSJ	Total
Merck & FDA	5 (31.3%)	1 (12.5%)	6 (25%)
Merck & Vioxx	2 (12.5%)	3 (37.5%)	5 (20.8%)
Merck's CEO / Merck's leadership	3 (18.8%)	1 (12.5%)	4 (16.7%)
Merck's crisis management and the recall's results	3 (18.8%)	0 (0%)	3 (12.5%)
Vioxx recall and legal complications	0 (0%)	2 (25%)	2 (8.3%)
Other theme	2 (12.5%)	0 (0%)	2 (8.3%)
Vioxx recall	1 (6.3%)	0 (0%)	1 (4.2%)

Victims / victims' families	0 (0%)	1 (12.5%)	1 (4.2%)
Total	16 (100%)	8 (100%)	24 (100%)

On November 15, *The Wall Street Journal* reported Merck's attempts to put the newspaper's disclosure of company's e-mails in context. Thus, according to Kenneth Frazier, Merck's general counsel, "Dodgeball," the 16-page training document, "was the name of a sales-training game that encouraged sales representatives to know the answers using language approved by the FDA." Frazier said the game was structured similar to the game show "Family Feud," in which two teams played against each other. "Merck representatives have a reputation for answering questions based on science," Frazier argued. "It has never been a policy of Merck to evade or dodge questions." In regard to Dr. Scolnick's e-mail remarks, which noted that Vioxx's dangerous effects were "clearly there," Merck spokespersons quoted by the *Journal* stated that his affirmations were "initial impressions." An FDA regulator was also quoted as saying in a 2000 agency meeting that Merck's naproxen theory to explain Vigor was "not very convincing to us."

The following day, on the 16th, a letter to the editor in *The Wall Street Journal*, written by a Florida doctor, claimed that while a certain drug can have significantly different negative effects, it can also have different positive effects. The implication was that the Vioxx case showed the public that "we all need to be a little more inquisitive and a little less accepting of not just pharmaceutical marketing but also our own government (rush for generic product approval and substitution) regulatory agencies."

A November 17 report in *The Journal* observed that both sides in the Vioxx litigation were fighting to get a favorable location and judge. It was noted that Merck

asked a judicial panel to put all 80 federal Vioxx cases filed into one court, the U.S. District Court in Maryland. The court had a conservative reputation and usually ruled on behalf of corporations. Kenneth Frazier was quoted once again saying that Merck is not considering a “global settlement,” but looking “at these cases as individual cases.” He also said that the cases were “very defensible from the standpoint of the company’s actions as well as what the plaintiffs will have to show.”

On November 18, *The New York Times* revealed that there had actually been another study that questioned the safety of Vioxx, released a year before Merck decided to withdraw the medicine. Sponsored by the company but not discussed in any corporate statements, the study of UnitedHealth Group patient records revealed that Vioxx led to an increase in cardiovascular events. In response, the same *Times* article noted that Joan Wainwright of Merck stressed the study was “inconclusive” because it was based on patient records and not on an actual clinical trial. Asked why this study remained in perfect obscurity for so long, Wainwright stated that the study had been submitted for publication in a medical journal whose name she did not know and she argued that there “had been no intentional effort to delay disclosing the results.”

Also on the 18th, *The Times* reported that the FDA disagreed with the assertion that it tried to suppress Dr. Graham’s study. The agency’s Dr. Crawford claimed that “supervisors immediately recognized the importance” of the study.

The big news of the day, as *The Journal* reported, was Merck CEO Raymond Gilmartin’s testimony in front of the Senate Finance Committee. *The Journal*’s editorial on November 18 noted: “It’s certainly possible that Merck pushed the edge on the envelope, legally and ethically, in marketing the anti-inflammatory drug. But that’s far

from clear at this point, and the Senators would do well to understand that there are two very different accusations thrown at Merck, the first broad and fallacious and the second narrow and possibly true."

According to the editorial, the first accusations dealt with the claims of some that argued Cox-2 inhibitors were no better than traditional drugs in preventing stomach problems. The second accusation regarded Merck's irresponsible marketing of Vioxx. The editorial acknowledged that Merck did not do enough to put the text of e-mails disclosed in the November 1 *Journal* in context, and stipulated that the withdrawal may turn out to have been the worst thing the company could have done, since it fueled the attacks of all Cox-2 critics. The editorial desk concluded: "Merck may well deserve punishment if the narrow indictment proves true – but for marketing fraud, not for producing an inherently 'unsafe' drug."

Further disclosure of Merck e-mails dating back to 1998 and published by *The Wall Street Journal* on November 18 emphasized tensions within the company with regard to the handling of Vioxx. In the e-mails, Dr. Scolnick complained that a Merck marketing executive was concerned Pfizer would get a better FDA labeling for a competing painkiller. The label was supposed to include information on the Cox-2 inhibitor's protective gastrointestinal effects. Scolnick was enraged at his colleague, saying that if Merck lost the fight to Pfizer, the company "should throw in the towel and just give up and be handed to someone else." He also wrote to the marketing executive: "IF YOU lose I will leave, because I will not be able to have any respect for this company."

Another e-mail revealed by *The Journal* belonged to a Merck staffer, who was working to convince an FDA representative to buy into the company's version for the new Vioxx labeling when Scolnick "nearly came up and strangled her and her supervisor." After the negative Vigor results came about, Scolnick wrote to a Merck statistician that a story in *The Journal* that praised Pfizer's Celebrex was unbearable. "We are getting pounded by stories like this," he wrote, and "this situation cannot simply follow the 'book' ways of my knowing."

In response to these disclosures, Merck's Joan Wainwright was quoted as saying that this was "just another example of documents being presented out of context to advance the interests of the parties who have started Vioxx litigation."

There was finally some good news for Merck, when on November 19, *The New York Times* reported that Gilmartin's Senate testimony went well. It was noted that the CEO received a "gentle" treatment from politicians. The chairman of the committee was quoted as saying that he was now more interested in the role the FDA played in the Vioxx case. Merck shares went up 2 cents as a result. In another report, *The Times* discussed Dr. Graham's testimony before the same commission and his assertions that the FDA was "virtually incapable of protecting America." According to Dr. Graham, the Vioxx case represented "what may be the single greatest drug safety catastrophe in the history of this country or the history of the world." Graham raised his estimation of patients injured by Vioxx between 88,000 and 139,000. *The Times* noted that Merck did not provide its own estimate. The report also said that Raymond Gilmartin's testimony retraced the steps leading to the recall, as he also declared that his wife had taken Vioxx until the day it was withdrawn.

In response to Dr. Graham's criticism of the FDA, the agency's Sandra Kewer was quoted in the November 19 *Wall Street Journal* to say that the drug-review divisions "work extremely close with our colleagues in drug safety," while scientific disagreements are negotiated properly. Nevertheless, she acknowledged that "there is clear concern that somehow the system is working not as well as it could."

A profile of Dr. Graham in the November 20 *New York Times* praised the doctor's courage and retraced his career, characterized by standing up for the right cause in several controversial drug cases. Graham's Senate testimony was described as defined by "colorful metaphors and an advocate's passion."

Meanwhile, *The Times* reported on the 21st that Pfizer's Bextra had gone under increased scrutiny, since it appeared to induce the same negative effects as Vioxx. According to *The Times*, the FDA was facing another Vioxx-type dilemma.

A letter to the editor in the November 22 *Journal*, written by a former Vioxx patient, praised the efficiency of the drug and regretted its demise. "I accept the heart risk," Kathleen Slocum wrote, "if indeed it exists, because without the medication I would be nearly immobile anyway, and surely that's not good for the heart."

An in-depth report in *The Times* of November 24 stressed that Merck's proclaimed beneficial gastrointestinal effects of Vioxx were already contradicted by evidence in 2001, when the company was eager to market Vioxx to aspirin users but did not have the evidence to support it. A study then found that patients taking a combination of low-dose aspirin to prevent heart attacks and strokes, along with Vioxx, suffered the same incidence of gastrointestinal problems as patients on Naproxen

alone. *The Times* noted that “the company never followed up with a plan in 2001 to run a definitive test about the drug’s advantages, if any, to aspirin users.”

A Merck spokeswoman was reported as responding that the reason the company did not conduct a follow-up trial was partly because “it did not know how many patients would be needed for such a trial or what comparative drug should be used.” Subsequently, Merck did not include aspirin-taking patients in the Vigor trial because of concerns that “aspirin might cloud how the drug fared from an ulcer protection standpoint against Naproxen,” the medicine that was used as the comparison drug in the study. Asked by the paper why Merck did not conduct a trial to test how a Vioxx and aspirin treatment compared to a Naproxen and aspirin combination, Merck’s Joan Wainwright said that “to do so would have required, among other things, determining how many patients to enroll in such a trial.”

In the following days, *Times* reported that FDA efforts to reform and enhance scrutiny by creating an independent office to monitor drug safety were already running into opposition in Washington, where several politicians described such attempts as adding “another layer of bureaucracy.”

Finally, on November 30, both newspapers announced Merck’s move to give its top 230 managers the opportunity for a one-time payment of up to three years of salary and bonus if another company bought Merck, or at least 20% of its shares. It was noted that Merck did not make public how much this executive payment plan was going to cost. Analysts quoted by both papers considered the timing of Merck’s “golden parachutes” for top executives as inauspicious, given the Vioxx crisis. Anita Larsen, a

Merck spokeswoman, was quoted as saying that the new plan was not related to the company's difficulties with Vioxx, having been planned before the withdrawal.

Part 2 of November 2004 had press coverage in which mortification, although most prevalent, did not dominate nearly as much as before. Instead, non-existence and distance strategies gained important ground, equaling the emphasis on ingratiation. As new revelations of questionable Merck internal communication made their way into *The Times* and *The Journal*, company spokespersons quoted in reports also used denial and clarification, as well as the distance strategy of crisis events misrepresented to suggest that facts were reflected out of context. An example of mortification was Raymond Gilmartin's Senate testimony's reported assertion that his company responded promptly to potential Vioxx safety issues by publicizing them and further exploring them in clinical trials such as APPROVe, which led to the immediate recall. *The New York Times* published twice more news/editorial items on Vioxx than *The Wall Street Journal*. Nevertheless, with the exception of contrasting editorial perspectives, both publications were equally aggressive and sharp in their treatment of the crisis. Table 40 displays the dominant strategies present in each newspaper during Part 2 of November 2004.

Table 40

Dominant Strategies Present in Each Newspaper – Part 2 of November, 2004

Strategy	# in NYT	# in WSJ	Total
Mortification	9	2	11
Ingratiation	2	2	4
Non-existence	2	2	4
Distance	2	2	4
Silence	1	0	1
Total	16	8	24

Overall, the month of November provided 50 news/editorial items, which accounted for 25% of the total 200 items retrieved for the entire timeframe of study. Tables 41-43 summarize key aspects of the coverage for this month.

Table 41

Newspaper Coverage by Date – November, 2004

Date	NYT	WSJ	Combined Total
November 1	0 (0%)	3 (13.6%)	3 (6%)
November 2	1 (3.6%)	2 (9.1%)	3 (6%)
November 3	1 (3.6%)	1 (4.5%)	2 (4%)
November 4	1 (3.6%)	0 (0%)	1 (2%)
November 5	3 (10.7%)	2 (9.1%)	5 (10%)
November 6	1 (3.6%)	0 (0%)	1 (2%)
November 8	0 (0%)	1 (4.5%)	1 (2%)
November 9	1 (3.6%)	1 (4.5%)	2 (4%)
November 10	1 (3.6%)	4 (18.2%)	5 (10%)
November 13	1 (3.6%)	0 (0%)	1 (2%)
November 14	2 (7.1%)	0 (0%)	2 (4%)
November 15	0 (0%)	1 (4.5%)	1 (2%)
November 16	1 (3.6%)	1 (4.5%)	2 (4%)
November 17	1 (3.6%)	1 (4.5%)	2 (4%)
November 18	2 (7.1%)	2 (9.1%)	4 (8%)
November 19	3 (10.7%)	1 (4.5%)	4 (8%)
November 20	1 (3.6%)	0 (0%)	1 (2%)
November 21	2 (7.1%)	0 (0%)	2 (4%)
November 22	0 (0%)	1 (4.5%)	1 (2%)
November 23	1 (3.6%)	0 (0%)	1 (2%)
November 24	1 (3.6%)	0 (0%)	1 (2%)
November 25	1 (3.6%)	0 (0%)	1 (2%)
November 27	1 (3.6%)	0 (0%)	1 (2%)
November 28	1 (3.6%)	0 (0%)	1 (2%)
November 30	1 (3.6%)	1 (4.5%)	2 (4%)
Total	28 (100%)	22 (100%)	50 (100%)

Table 42

Dominant Strategies Present in Each Newspaper – November 2004

Strategy	# in NYT	# in WSJ	Total
Mortification	14	8	22
Ingratiation	5	7	12
Non-existence	3	4	7
Distance	3	3	6
Too soon to know / No answer yet	1	0	1
Silence	2	0	2
Total	28 (100%)	22 (100%)	50 (100%)

Table 43

Summary of Topics Covered – November, 2004

Topic	# in NYT	# in WSJ	Total
Merck & FDA	9 (32.1%)	5 (22.7%)	14 (28%)
Merck & Vioxx	4 (14.3%)	6 (27.3%)	10 (20.3%)
Vioxx recall and legal complications	5 (17.9%)	4 (18.2%)	9 (18%)
Merck's CEO / Merck's leadership	3 (10.7%)	2 (9.1%)	5 (100%)
Merck's financials impacted by recall	1 (3.6%)	3 (13.6%)	4 (8%)
Merck's crisis management and the recall's results	3 (10.7%)	0 (0%)	3 (6%)
Vioxx recall	1 (3.6%)	1 (4.5%)	2 (4%)
Other theme	2 (7.1%)	0 (0%)	2 (4%)
Victims / victims' families	0 (0%)	1 (4.5%)	1 (2%)
Total	28 (100%)	22 (100%)	50 (100%)

The tables reveal that the days featuring most coverage were the 5th and the 10th. Such results are not surprising since the two dates mark significant developments in the crisis. November 5 was the day when *The Lancet* published the controversial study and editorial in regard to Merck and Vioxx. On the 10th, Merck's diminished

financial ratings were reported, while the day also marked the beginning of intensified scrutiny about how the FDA managed the Vioxx case. The theme of Merck and the FDA would become the dominant issue of the month, followed by the one that explored Vioxx's trajectory from the late '90s to 2004. With regard to dominant strategies, once again *The Wall Street Journal* reflected more of Merck's ingratiation than *The New York Times*, which focused more on the company's mortification. Nevertheless, as in previous cases, *The Journal* also hurt Merck's image the most, particularly through the disclosure of the series of internal e-mails. Thus, neither paper was kind toward the company.

December 2004

Forty Vioxx-related news/editorial items were covered in *The New York Times* and *The Wall Street Journal* during December. They accounted for 20% of the overall coverage. The *Times* published 22 items on the Vioxx case and its implications, while *The Journal* featured 18. The dominant theme of the coverage dealt with Merck's efforts to navigate the crisis and the ramifications of the recall. Table 44 reports the topics of news/editorial items for December 2004.

Table 44

Topics Covered in December 2004

Topic	# in NYT	# in WSJ	Total
Merck's crisis management and the recall's results	7 (31.8%)	3 (16.7%)	10 (25%)
Merck's financials impacted by recall	1 (4.5%)	4 (22.2%)	5 (12.5%)
Other theme	3 (13.6%)	2 (11.1%)	5 (12.5%)
Previous/new Vioxx trials or studies	1 (4.5%)	3 (16.7%)	4 (10%)
Merck & Vioxx	3 (13.6%)	0 (0%)	3 (7.5%)

Victims / victims' families	1 (4.5%)	2 (11.1%)	3 (7.5%)
Merck & FDA	2 (9.1%)	1 (5.6%)	3 (7.5%)
Merck's CEO / Merck's leadership	2 (9.1%)	1 (5.6%)	3 (7.5%)
Vioxx recall and legal complications	1 (4.5%)	1 (5.6%)	2 (5%)
Vioxx recall	1 (4.5%)	1 (5.6%)	2 (5%)
Total	22 (100%)	18 (100%)	40 (100%)

On December 1, *The Times* noted that while Pfizer's Celebrex and Bextra, Vioxx's competitors, experienced a jump in sales in the immediate aftermath of Merck's recall, it appeared the phenomenon was short-lived. Concerns that the entire class of Cox-2 inhibitors were unsafe represented the biggest reason why customers were reluctant to buy them. The same day the paper reported that a New York State pension fund filed a federal lawsuit against Merck alleging the company misled its shareholders. In response, Merck's Joan Wainwright was quoted as saying that "Merck extensively studied Vioxx before seeking regulatory approval for it." Other Merck executives *The Times* did not name were reported to argue that the company acted properly and promptly by removing Vioxx as soon as it presented the first clear signs of danger.

A December 1 editorial in *The Wall Street Journal* supported Merck's decision to offer "golden parachutes" for its top executives, claiming that in difficult times for the company "management stability is essential," while it is "difficult to retain shareholder value – let alone attract potential suitors –if your top talent is jumping ship."

An interesting report in the next day's *Journal* informed that Dr. Eric Topol, chairman of cardiovascular medicine at the Cleveland Clinic and a major critic of Vioxx, served as a paid adviser to a hedge fund that bet the company's stock would fall. In a statement, Dr. Topol was reported as responding that nearly all medical experts serve

or have served as consultants to industry or have relationships with companies in carrying out research and providing advice. He also said he was not aware that the fund used him in its promotional material and that he resigned as soon as he heard about it from a reporter at *Fortune*.

The December 6 *Times* noted a continuing proliferation in drug ads, despite the Vioxx recall and its ramifications to drug marketing. It was reported that spending on drug advertising had reached $3.8 billion, more than what Coca-Cola, Pepsi-Cola, and Cadbury Schweppes combined spent yearly to sell soft drinks.

In the same edition of *The Times*, an in-depth investigation into the FDA's efficiency in monitoring drugs discussed the agency's loose treatment of Vioxx. The conclusion was that the agency's existing system of review and scrutiny was dated. The report remarked:

> Presently, the main drug program to catalog the dangers of drugs is a computer listing of side-effects. It is a passive system, meaning that doctors report side effects only when they think of it and have the time. The system receives almost 400,000 reports a year, but these represent a small fraction of the total, all agree. Most reports are delivered by drug makers, who hear about side effects from physicians.

References to measures taken by the FDA to improve its operations in the aftermath of Merck's recall were also discussed.

Both newspapers reported on December 8 that Merck appointed a panel to investigate the company's handling of Vioxx. The seven-member commission was going to have the full cooperation of Merck's management, according to Raymond Gilmartin's

statements quoted in the newspapers. Notably, an unidentified spokeswoman for Merck questioned by *The Times* said she did not know if the investigation was opened at Merck's initiative or at the request of federal prosecutors, who were also investigating the company. *The Times* noted that "prosecutors sometimes encourage boards to conduct their own inquiries and share the results with the authorities."

The December 9 *Journal* announced that Merck's 2005 profit was going to miss estimates as a result of Vioxx along with declining Zocor sales amid tougher competition. On the 10th, *The Times* reported Iowa Senator Charles Grassley's initiative to introduce legislation that would require pharmaceutical companies to register drug trials and report their results in a public database. Grassley was the chairman of the commission investigating the Vioxx case.

On December 15, *The New York Times* published a detailed article on Raymond Gilmartin's current standing at Merck's helm. Friends and acquaintances of Gilmartin interviewed by the paper described him as a reliable and genuine individual. Reviewing Merck's present financial circumstances, the report reiterated Gilmartin's denial that he would resign earlier than planned and restated his assertions that "he moved quickly once decisive evidence of Vioxx's risks became available." Reference was also made to Dr. Peter Kim's bright projections for Merck's future, given a set of new drugs being prepared for launch in 2005 and 2006.

A *Journal* report on the same day quoted several corporate executives who defended Merck's financial "tin parachutes" and argued that they actually prevented valuable employees from leaving. The same edition of the paper also reported Merck's announced efforts to restructure after the recall. Thus, the company was going to

eliminate 5,100 positions by the end of 2004, 700 more than previously planned. Dr. Peter Kim's details about Merck's upcoming drugs were described, along with Kenneth Frazier's Vioxx-related legal update, which revealed that the company's strategy was "to move as many of the state cases into federal court as possible." CEO Gilmartin was also quoted as saying that "the situation we face is not business as usual." Nevertheless, he argued "we also recognize that the long-term growth strategy we have been carrying out is still very much the right one."

On December 18, a *New York Times* article reported that more and more patients were going back to aspirin in light of the Vioxx recall and several other new studies that stressed Celebrex and Bextra had similarly dangerous cardiovascular effects. As a result, Pfizer's stock was also plunging. Subsequent reports in *The Times* revealed that the entire class of Cox-2 inhibitors was on the verge of being compromised.

A *Wall Street Journal* editorial on December 20 argued that the vast consequences of the Vioxx recall confirmed the editorial desk's pessimistic expectations. "We've been worried that overreaction to the Vioxx withdrawal could easily end up doing far more damage to public health than the drug ever did" claimed the editorial. "And we're sorry to report that so far that is exactly where we're headed." In the writers' view, the recent developments regarding Cox-2 inhibitors and their makers threatened the research budgets of the entire pharmaceutical industry and, in consequence, ultimately hurt patients in need. "Vioxx and Celebrex notwithstanding, far more people die every year for lack of developmental drugs than die from taking approved therapies," concluded the editorial.

A *Times* report on the following day noted that media and advertising companies were also hit by the new problems in the pharmaceutical field, since Pfizer suspended a multimillion dollar consumer advertising program for Celebrex. *The Journal* of December 21 featured a story on former Vioxx patients who regretted the recall of the drug and wanted it back. None of them considered themselves “at risk” of cardiovascular problems and, according to *The Journal*, they were now struggling to find alternatives. Merck spokesman Tony Plohoros was quoted as saying that Merck stood by its decision to withdraw Vioxx, given the availability of treatment options. He also reiterated that “the voluntary withdrawal was the most responsible course of action to take.”

The same issue of *The Journal* published a report that considerably undermined Merck’s Vioxx-related crisis response. It was announced that a new governmental study had found an increased risk of cardiovascular problems for Naproxen. Popularly known as Aleve, Naproxen was used in Merck’s defense to justify the results of the Vigor trial. The company’s case for the heart-protective qualities of Naproxen, a “wonderful drug,” was taking another hit.

In an ironical turn, the December 22 *New York Times* announced that the APPROVe trial that killed Vioxx had also found the drug prevented pre-cancerous colon polyps in some patients. Merck spokespersons said that the drug was not going back on the market. Cristopher Loder of Merck was quoted saying that when the company made the decision to withdraw the drug “the study had not yet been completed, and efficacy results had not been disclosed to Merck by the study’s steering committee.”

A December 28 article in *The Times* recommended that, amid the confusion about medication, the best way to prevent and fight arthritis was through “diet and

exercise." The paper's editorial for the same day argued that, along with Merck and the FDA, a third party was responsible for the Vioxx unjuries: doctors "who prescribe drugs for long periods to patients for whom they are not appropriate." This category of patients included those with cardiovascular problems. Nevertheless, the editorial noted that a lot of "doctors have long been in thrall to drug companies, which bombard them with sales pitches and finance their educational programs. Now that exquisitely calibrated judgments must be made as to which patients can truly benefit from what drugs, doctors will have to reassert their independence," concluded the piece.

A *Wall Street Journal* editorial on the 29th of December, signed by one of the staffers of the editorial desk, argued that excessive caution in handling drugs was going to lead to less innovation and benefits for patients. The class of Cox-2 inhibitors was also going to get destroyed without real justification, since "Vioxx was withdrawn due to a handful of excess heart attacks and strokes (but no deaths) among 2,600 test subjects." Taking a step further, the author claimed: "We'll reserve judgment on whether Merck's decision to remove Vioxx from the market will pay off in the court battles ahead, but it reeks of disrespect for doctors and patients."

The coverage for December 2004 emphasized the continuing domination of mortification and a relative absence of non-existence and distant strategies. This can be attributed to the fact that Merck did not have to respond to such heavy hits and critical charges as the e-mail disclosures or the *Lancet* articles in November. Therefore, the reflection of dominant strategies in the press mirrored to some degree coverage in October, with rectification clearly ahead and bolstering trailing behind. Arguably, the confusion around all Cox-2 inhibitors on the market helped Merck, as it occasionally

shifted some of the journalistic attention that had been exclusively reserved for the company away from Merck and toward a more general discussion. Notably, in November *The Journal* took a more evident pro-Merck stance not only in editorials, but also in some of the news reports, such as the one dealing with patients asking for Vioxx to be made available again. An example of mortification present in the coverage was Raymond Gilmartin's claim that "he moved quickly once evidence of Vioxx's risks became available." Table 45 reports the dominant strategies present in each newspaper during December 2004. Table 46 presents the distribution of journalistic output by date.

Table 45

Dominant Strategies Present in Each Newspaper – December 2004

Strategy	# in NYT	# in WSJ	Total
Mortification	18	13	31
Ingratiation	4	4	8
Silence	0	1	1

Table 46

Newspaper Coverage by Date – December 2004

Date	NYT	WSJ	Total
December 1	2 (9.1%)	2 (11.1%)	4 (10%)
December 2	0 (0%)	1 (5.6%)	1 (2.5%)
December 6	2 (9.1%)	0 (0%)	2 (5%)
December 7	0 (0%)	1 (5.6%)	1 (2.5%)
December 8	1 (4.5%)	1 (5.6%)	2 (5%)
December 9	0 (0%)	1 (5.6%)	1 (2.5%)
December 10	2 (9.1%)	0 (0%)	2 (5%)
December 13	0 (0%)	1 (5.6%)	1 (2.5%)
December 15	2 (9.1%)	2 (11.1%)	4 (10%)
December 17	1 (4.5%)	0 (0%)	1 (2.5%)
December 18	3 (13.6%)	0 (0%)	3 (7.5%)
December 19	4 (18.2%)	0 (0%)	4 (10%)
December 20	0 (0%)	1 (5.6%)	1 (2.5%)
December 21	2 (9.1%)	2 (11.1%)	4 (10%)

December 22	1 (4.5%)	1 (5.6%)	2 (5%)
December 23	0 (0%)	2 (11.1%)	2 (5%)
December 28	2 (9.1%)	1 (5.6%)	3 (7.5%)
December 29	0 (0%)	1 (5.6%)	1 (2.5%)
December 31	0 (0%)	1 (5.6%)	1 (2.5%)
Total	22 (100%)	18 (100%)	40 (100%)

January 2005

There were 28 Vioxx-related news/editorial items in the coverage of *The New York Times* and *The Wall Street Journal* for the month of January 2005. They accounted for 14% of the total output for the entire timeframe of study. *The New York Times* published 9 articles on Vioxx, while *The Journal* featured 19. The dominant theme of the month had to do with Merck's post-recall financial situation, which was discussed repeatedly in the coverage of *The Journal*. *The Times* focused more on broader implications of the crisis and on Merck's efforts to manage it. Table 47 shows the topics of the news/editorial items for January.

Table 47

Topics Covered in January 2005

Topic	# in NYT	# in WSJ	Total
Merck's crisis management and the recall's results	4 (44.4%)	7 (36.8%)	11 (39.3%)
Merck's financials impacted by recall	1 (11.1%)	9 (47.4%)	10 (35.7%)
Other theme	2 (22.2%)	1 (5.3%)	3 (10.7%)
Victims / victims' families	1 (11.1%)	0 (0%)	1 (3.6%)
Vioxx recall and legal complications	1 (11.1%)	0 (0%)	1 (3.6%)
Vioxx recall	0 (0%)	1 (5.3%)	1 (3.6%)
Merck & Vioxx	0 (0%)	1 (5.3%)	1 (3.6%)
Total	9 (100%)	19 (100%)	28 (100%)

On January 1 *The New York Times* reported that the withdrawal of Vioxx had hurt Merck's stock by 30.4%. The numbers further deteriorated for the company in the following days. *The Journal* on the 4th informed that the company's stock lost an additional 88 cents, or 2.7%, due to news that the FDA would allow Dr. Graham to publish his controversial study that linked Vioxx to 139,000 heart attacks. Anita Larsen, a spokeswoman for Merck, was quoted as saying the company had no comment "on an article that's not published."

A *Times* report on January 14 announced that the newly-re-elected Bush administration proposed legislation that would prohibit punitive damages in cases in which a drug or medical device had received FDA approval. The article criticized the initiative arguing that "the administration is like an ardent lover in its zeal to shower the rich and powerful with every imaginable benefit." It also noted that "the FDA has failed time and again to ensure that unsafe drugs are kept off the market. To provide blanket legal protection against punitive damages in such cases is both unwarranted and dangerous," remarked the report.

On the same day, *The Journal* reported that a new drug intensely advertised by Merck as a source of financial rejuvenation, the cholesterol-lowering Vytorin, was not doing as great on the market as predicted. The report noted that the company was counting on Vytorin to help ease the burden of the Vioxx recall and of diminishing Zocor sales. Nevertheless, analysts cut Vytorin's 2005 projected market share to 4.6% from 9%.

The January 20 edition of *The Wall Street Journal* announced that Merck's biggest competitor, Pfizer, had reported a quadrupled net income for the fourth-quarter

of 2004. The gain was based on bigger sales of arthritis medicine and the cholesterol fighter Lipitor. Evidently, the Vioxx withdrawal played a major part in the developments.

Dr. Eric Topol's name recaptured the headlines in *The Times* of January 25. The newspaper informed that he had cut ties with a drug and medical company in order to "maintain academic credibility." *Fortune* magazine had reported earlier that Topol was a consultant on a hedge fund that bet Merck shares would drop. *The Times* article also re-emphasized the prominent role played by Topol in the Vioxx case and retraced the steps that led to Merck employing rectification.

The January 25 *Journal* featured a piece that discussed that day's publication of Dr. Graham's study in the medical journal *The Lancet*. Graham's research claimed Vioxx might have caused as many as 140,000 excess cases of serious coronary heart disease in the U.S. An unidentified Merck spokesman was quoted by *The Journal* to say that Graham's estimate was "speculation." He also noted that the APPROVe trial, which prompted the recall, showed no difference in the rates of fatalities between people taking Vioxx and patients taking placebo.

On the 26th of the month, *The Journal* reported that Merck's fourth-quarter profit fell 21% as a result of the Vioxx recall. Nevertheless, Merck's revenue rose 2.2% given better sales of Fosamax and several other drugs. In relation to the Vioxx case, the article stressed that "Merck has maintained it acted appropriately and took Vioxx off the market as soon as safety concerns arose."

An editorial in the January 28 *New York Times* discussed a new analysis published in *The Archives of Internal Medicine* which suggested that irresponsible marketing led to the use of Cox-2 inhibitors such as Vioxx by the wrong patients. Citing

additional research at the University of Chicago and at Stanford that revealed two-thirds of Cox-2 inhibitors' prescriptions between 1999 to 2002 went to patients with a low or very low risk of gastrointestinal problems, *The Times* argued that "growth in Cox-2 use over time was primarily among patients least likely to benefit from it." Thus, according to the editorial, the FDA would have to decide what needs to be done with this entire class of drugs: "Some consumer advocates want a ban on all medicine in this class, while other experts suggest that not all of them pose the same cardiovascular risk. Should the FDA choose to allow some Cox-2 drugs on the market, it will need to find ways to limit their use to those who truly need them."

On January 29 the *New York Times* reported that Merck announced that the Securities and Exchange Commission had opened a formal investigation of Merck's handling of issues related to Vioxx. The timeline of the drug and its recall were also retraced in the article. It was noted that the company was facing numerous lawsuits from former Vioxx users or their families. An unidentified Merck spokesman was quoted as saying that the investigation "was not unexpected and the company will continue to cooperate with S.E.C." He also reiterated that Merck "acted responsibly every step of the way, from researching the drug prior to approval to monitoring the drug while it was on the market to voluntarily withdrawing the drug when it did."

Finally, on the 31st, *The Journal* reported that Merck's stock plunged a further 10% after an Israeli generic drug maker won the right in court to market a version of Fosamax in February 2008, a decade earlier than Merck had predicted. *The Journal* noted that the new impediment further weakened the company's financial standing and pushed Merck to consider a merger. Raymond Gilmartin was reported as saying that

Merck did not see a large merger as a solution to the company's problems. In the same article, Merck spokesman Tony Plorohos said that Merck disagreed with the court's opinion and was reviewing the legal options.

Merck's mortification continued to dominate in the newspaper coverage of January 2005. An example of such mortification was Merck's response to the new S.E.C. investigation, in which the company re-emphasized that Merck dealt responsibly at every step with Vioxx and withdrew it voluntarily and promptly. Along with the diminishing news coverage, direct references and quotes from Merck spokespersons decreased in frequency. *The Journal* mostly discussed Merck and Vioxx in relation to the company's new financial numbers. *The Times* predominantly approached the case from the perspective of the future of the entire class of Cox-2 inhibitors, as well as the impact of the recall on the FDA and the drug industry. *The Journal* reported Merck's denial and clarification with regard to accusations about mishandling Vioxx more than *The Times*. In general, the coverage for January was less focused and intense than it had been. Table 48 reports the dominant strategies present in each newspaper during January 2005. Table 49 presents the distribution by date of news/editorial items.

Table 48

Dominant Strategies Present in Each Newspaper – January, 2005

Strategy	# in NYT	# in WSJ	Total
Mortification	8 (88.9%)	14 (73.7%)	22 (78.6%)
Ingratiation	1 (11.1%)	2 (10.5%)	3 (10.7%)
Non-existence	0 (0%)	2 (10.5%)	2 (7.1%)
Silence	0 (0%)	1 (5.3%)	1 (3.6%)
Total	9 (100%)	19 (100%)	28 (100%)

Table 49

Newspaper Coverage by Date – January, 2005

Date	# in NYT	# in WSJ	Total
January 1	1 (11.1%)	0 (0%)	1 (3.6%)
January 3	0 (0%)	2 (10.5%)	2 (7.1%)
January 4	0 (0%)	3 (15.8%)	3 (10.7%)
January 5	0 (0%)	1 (5.3%)	1 (3.6%)
January 6	0 (0%)	1 (5.3%)	1 (3.6%)
January 7	1 (11.1%)	0 (0%)	1 (3.6%)
January 9	1 (11.1%)	0 (0%)	1 (3.6%)
January 14	1 (11.1%)	1 (5.3%)	2 (7.1%)
January 17	1 (11.1%)	0 (0%)	1 (3.6%)
January 18	0 (0%)	1 (5.3%)	1 (3.6%)
January 19	1 (11.1%)	1 (5.3%)	2 (7.1%)
January 20	0 (0%)	1 (5.3%)	1 (3.6%)
January 21	0 (0%)	1 (5.3%)	1 (3.6%)
January 25	1 (11.1%)	2 (10.5%)	3 (10.7%)
January 26	0 (0%)	2 (10.5%)	2 (7.1%)
January 27	0 (0%)	1 (5.3%)	1 (3.6%)
January 28	1 (11.1%)	0 (0%)	1 (3.6%)
January 29	1 (11.1%)	0 (0%)	1 (3.6%)
January 31	0 (0%)	2 (10.5%)	2 (7.1%)
Total	9 (100%)	19 (100%)	28 (100%)

Part 1 of February, 2005

The first part of February had 22 Vioxx-related news/editorial items, accounting for 11% of the total coverage. *The New York Times* published 12 articles, while *The Journal* featured 10. The dominant theme of the coverage explored Merck's crisis management efforts and the related developments in the pharmaceutical industry and at the FDA. Table 50 shows the topics of news/editorial items for Part 1 of February 2005.

Table 50

Topics Covered in Part 1 of February 2005

Topic	# in NYT	# in WSJ	Total
Merck's crisis	3 (25%)	3 (30%)	6 (27.3%)

management and the recall's results			
Other theme	3 (25%)	2 (20%)	5 (22.7%)
Victims / victims' families	2 (16.7%)	1 (10%)	3 (13.6%)
Merck & FDA	1 (8.3%)	2 (20%)	3 (13.6%)
Previous/new Vioxx trials or studies	1 (8.3%)	1 (10%)	2 (9.1%)
Merck & Vioxx	1 (8.3%)	1 (10%)	2 (9.1%)
Vioxx recall and legal complications	1 (8.3%)	0 (0%)	1 (4.5%)
Total	12 (100%)	10 (100%)	22 (100%)

In the first week of February, both papers reported that Pfizer faced a similar situation to Merck. The company that manufactured Bextra and Celebrex acknowledged that a 1999 study showed older patients taking Celebrex were far more likely to suffer cardiovascular problems than older patients on placebo. Interestingly, Pfizer argued that it did not give much importance to the results of the study because it was "flawed." Spokespersons did not elaborate, but said that the company did not suppress information. Both newspapers noted that when Merck withdrew Vioxx, Pfizer said no studies existed to show Celebrex posed similar threats. Subsequent articles revealed that the company handled Celebrex in a similarly problematic way as Merck had dealt with Vioxx.

On the 7th, *The Journal* announced that the FDA was planning an upcoming conference to discuss the viability of the entire Cox-2 inhibitor class. A very important report in the same issue of *The Journal* featured additional explosive disclosures of Merck internal communications. According to documents leaked to the paper, the external committee supervising the APPROVe trial had information that Vioxx was creating serious cardiovascular problems after only four months. Notes from committee

meetings showed members were observing the “concerning nature of trends.” The documents reviewed by *The Journal* also revealed that APRROVe continued despite the early red flags because the committee hoped to find whether Vioxx protected against colon polyps. Questioned by *The Journal* with regard to the impartiality of the members of the committee, all of which had close ties to Merck, the company’s Joan Wainwright wrote that any speculation these individuals “lacked independence and acted inappropriately” is “wrong and not supported by the facts.”

On the 8th of February, *The New York Times* disclosed that, after Vigor, Merck had planned a study designed to specifically test Vioxx’s cardiovascular effects but ultimately abandoned the initiative, considering that other trials that the company was conducting would provide enough answers. Also, according to Merck, the trial did not proceed because it would have involved “high-risk” patients suffering from acute cardiovascular problems. *The Times* noted that the initiative was halted exactly at the time when the company was concluding heated debates with the FDA on Vioxx’s post-Vigor labeling. Joan Wainwright was quoted as denying allegations that Merck acted bizarrely in this instance: “There was a wide range of opinions about whether this was or was not the study we were going to do and in the end we decided it was not.”

Merck suffered a new setback in *The New York Times* of February 11, when the paper got hold of documents showing the company’s dirty marketing campaign for Vioxx. Entitled “neutralize,” the documents were written by a Merck marketing executive and comprised the input of company officials who identified dozens of influential but anti-Vioxx physicians. In order to change their minds, documents showed that Merck planned to offer these individuals gifts such as clinical trials, consultant positions, or

research grants. Noted in the article, Merck‘s response to the disclosures stressed that all the endeavors involved “educational” financing. Merck also said that it stood behind its marketing of Vioxx and that *The Times* reported those documents out of context.

On February 11, *The New York Times* reported on the tensions within the Senate committee that investigated Merck, Vioxx, and the FDA. The chairman of the committee, Senator Charles E. Grassley, charged that the FDA tried to suppress Dr. Graham’s Vioxx-related study that showed the hazards of the drug. There were claims that the FDA told Dr. Graham that he was forbidden from presenting even newer and more dramatic findings in relation to the drug’s effects. An FDA spokeswoman was quoted to deny such allegations. Another unidentified Merck spokeswoman was quoted as saying that “the company had acted appropriately in its research, marketing and eventual withdrawal of Vioxx.”

On the 15th, both papers reported on the FDA’s upcoming hearings with regard to Cox-2 inhibitors. Stressing that, according to the company’s last statements, Merck was facing 575 lawsuits involving 1,400 plaintiffs and 70-class action suits, *The Times* also quoted lawyers who said the number of related cases filed each day in their offices was quickly increasing. Some of these newer lawsuits now involved people claiming they were hurt by taking Vioxx for much shorter periods of time than 18 months. Experts estimated Merck’s total liabilities could run as high as $30 billion. It was also noted that Merck shares had gone from $45.07 on the day of the recall to a present $29.41. The article stressed once again Merck’s assertion that “it acted responsibly based on evidence available to it at every stage of Vioxx’s development.”

Also on the 15th of February, *The Times* published an in-depth report on alternatives to Vioxx and Cox-2 inhibitors. It included statements of patients and evaluations of several medical experts. The same day's *Journal* noted that the new budget increased the FDA's funding by 4.4%, while the acting head of the agency, Dr. Lester M Crawford, was nominated to be its permanent leader.

Part 1 of February, 2005 saw the same trend of mortification consolidating as the predominant strategy reflected. Most reports reviewed or made reference to Merck's process of rectification in the aftermath of the APPROVe results. An example of such corporate rhetoric of mortification was found when the company was accused that it did not stop the APPROVe trial early enough. Merck reiterated that it acted promptly immediately after it received conclusive data. Notably, the non-existence strategies of denial and clarification were prominent in February.

The coverage for this month often presented the same dynamics as the one for November 2004. Major disclosures of Merck internal documents were featured in both newspapers and company spokespersons were quoted as denying charges, striving to clarify controversial issues, and arguing that information was reported out of context. *The New York Times* was more active and detailed in its February coverage. Nevertheless, *The Journal* made a significant contribution with its report on the APPROVe study's overseeing commission. Table 51 displays the dominant strategies present in each newspaper during Part 1 of February 2005. Table 52 shows the distribution of the coverage by date.

Table 51

Dominant Strategies Present in Each Newspaper – Part 1 of February, 2005

Strategy	# in NYT	# in WSJ	Total
Mortification	8 (66.7%)	7 (70%)	15 (68.2%)
Ingratiation	2 (16.7%)	1 (10%)	3 (13.6%)
Non-existence	2 (16.7%)	1 (10%)	3 (13.6%)
Too soon to know / No answer yet	0 (0%)	1 (10%)	1 (4.5%)
Total	12 (100%)	10 (100%)	22 (100%)

Table 52

Newspaper Coverage by Date – Part 1 of February, 2005

Date	# in NYT	# in WSJ	Total
February 1	3 (25%)	1 (10%)	4 (18.2%)
February 2	0 (0%)	1 (10%)	1 (4.5%)
February 5	1 (8.3%)	0 (0%)	1 (4.5%)
February 7	0 (0%)	4 (40%)	4 (18.2%)
February 8	2 (16.7%)	1 (10%)	3 (13.6%)
February 10	0 (0%)	1 (10%)	1 (4.5%)
February 11	1 (8.3%)	0 (0%)	1 (4.5%)
February 12	1 (8.3%)	0 (0%)	1 (4.5%)
February 15	4 (33.3%)	2 (20%)	6 (27.3%)
Total	12 (100%)	10 (100%)	22 (100%)

Results of Hypothesis Testing

There were two hypotheses to be tested. They were:

H1: In the first four-and-a-half months immediately following the Vioxx recall, the most-utilized PR crisis management communication strategies implemented by Merck were ingratiation and mortification.

While mortification was used most often (36 times, 90%), ingratiation was the dominant strategy in most of Merck's 40 crisis communications (20 times, 50%). Merck

also used a variety of strategies in its crisis management efforts, with non-existence and distance also dominating at times, but considerably less than mortification and ingratiation (See Table 21). Thus, H1 is supported.

H2: Media coverage of Merck corporate messages during the first four and a half months following the Vioxx recall reported primarily the company's mortification and ingratiation strategies.

Clearly, of the 200 newspaper articles, columns, editorials, and letters to the editor, the most reported corporate crisis management strategies were mortification (190 times, 95%) and ingratiation (53 times, 26.5%). While ingratiation was Merck's most dominant strategy, *The New York Times* and *The Wall Street Journal* reflected mortification most dominantly in their reports (132 times, 66%). Nevertheless, ingratiation took the second most dominant place (39 times, 19.5%), in front of all the remaining other strategies (See Table 53).

Table 53

Strategies Used In Newspaper Coverage / 200 Items

Strategy	# of News/Editorial Items	% of Overall Coverage
Mortification	190	95%
Ingratiation	53	26.5%
Non-existence	48	24%
Distance	17	8.5%
Silence	10	5%
Too soon to know / No answer yet	7	3.5%
Compassion w/out blame	3	1.5%
Suffering strategy	1	.5%

Note: More than one strategy appeared in some items.

With the exception of "compassion without blame," all of the crisis response strategies tabled above were present at one time or another as dominant strategies in

the overall coverage analyzed. However, mortification and ingratiation were by far the two strategies most highly apparent (See Table 54).

Table 54

Dominant Strategies in Combined Newspaper Coverage / 200 Items

Strategy	# of News / Editorial Items	% of Overall Coverage
Mortification	132	66%
Ingratiation	39	19.5%
Non-existence	15	7.5%
Distance	6	3%
Silence	4	2%
Too soon to know / No answer yet	3	1.5%
Suffering strategy	1	.5%
Total	200	100%

Dominant strategies were those strategies that were most evident in the newspaper coverage analyzed. While the coverage featured a multitude of strategies, the emphasis was decisively towards mortification and ingratiation. Therefore, H2 was supported.

The research questions explored were:

RQ1: What was the evolution of the Vioxx story in the media in the first four-and-a-half-months immediately following the Vioxx recall?

Newspaper interest in the Vioxx story in the first week following the recall was enormous (See Table 28). Twenty news/editorial items were published only on the first day, October 1, 2004, alone, accounting for 10% of the overall coverage. Unsurprisingly, the topic of the overwhelming majority of reports was the recall itself (See Table 26). Interest continued to be exceptional during the first week of reporting, when a total of 38 news-editorial items were published in connection to the recall,

accounting for 63.3% of the October coverage and 19% of the overall coverage. The coverage for this period concentrated on Merck's efforts to defuse the crisis and on the various implications of the case. The company's potential legal complications were also explored. In the second part of October, the coverage continued to investigate Merck's crisis response endeavors, also expanding on issues such as the company's leadership and financial outlook affected by the recall (See Table 32). The most Vioxx-related items, 60, or 30% of the entire coverage, also were published in October (See Table 34).

The focus on Merck and Vioxx remained strong in November, although the total output for the month decreased slightly to 50 news/editorial items, or 25% of the total reports (See Table 43). While the Vioxx recall was the overall dominant theme of coverage in October, the relationship between Merck and the FDA and the Vioxx litigation represented the key topics in Part 1 of November (See table 37). In Part 2 of November the relation between Merck and the FDA maintained its prominence in the coverage, closely followed by investigations into the timeline of Vioxx and Merck (See Table 39).

Continuing the decline, the coverage of Merck for December dropped from 50 to 40 news/editorial items, accounting for 20% of the overall coverage. Most of the reports dealt with Merck's crisis management efforts and the ramifications of this process, as evidenced by 25% of December's items (See Table 44).

For January, the number of reports dropped even lower, to 28 items, representing 14% of the total news/editorial items for the timeframe of study. The

dominant theme was, once again, Merck's crisis response and its implications, discussed in 39.3% of the reports for the month (See Table 47).

Finally, in the first part of February there were 22 news/editorial items, accounting for 11% of the entire coverage. The number of news/editorial items for Part 1 of February was almost equal to the one for the entire month of January, suggesting the Vioxx story was regaining traction. Again, Merck's Vioxx-related crisis management efforts was the topic investigated the most, in 6 or 27.3% of the reports for the time period (See Table 50).

Overall, as shown by Table 25, the most investigated theme in the press coverage dealt with Merck's efforts to manage the crisis (19.5%), followed by observations of Merck's financial situation impacted by the recall (14.5%).

A chi-square test was conducted to determine if there was a significant relationship between date and length of the Vioxx-related news/editorial items and was not significant (X^2=17435, d.f.=17204, p=.107). Another chi-square explored the relationship between date and placement and was not significant (X^2=373.8, d.f.=368, p=.406). Finally, a third chi-square test between the two newspapers regarding the length of Vioxx-related news/editorial items was again not significant (X^2=186, d.f.=187, p=.507).

RQ2: Were there any differences in the coverage provided by *The New York Times* and *The Wall Street Journal*? If so, what differences were they?

The New York Times and *The Wall Street Journal* differed in carrying dominant crisis communication strategies. Though both newspapers carried mortification strategies most often and ingratiation next often, *The New York Times* published more

coverage of Merck's dominant strategies (N=86) than *The Wall Street Journal* (N=75, See Table 55).

Table 55

Dominant Strategies by Newspaper

Strategy	# Items Found in NYT	# Items Found in WSJ
Mortification	69	63
Ingratiation	17	22
Non-existence	7	8
Distance	3	3
Silence	2	2
Too soon to know / No answer yet	1	2
Suffering strategy	1	0
Total	100	100

A series of chi-square tests were conducted to determine if any differences existed in the inclusion of Merck's crisis management strategies between *The New York Times* and *The Wall Street Journal*. There were no significant differences between the two papers in their reporting of ingratiation (X^2=.642, d.f.=1, p=.423), bolstering (X^2=.642, d.f.=1, p=.423), mortification (X^2=.421, d.f.=1, p=.516), remediation (X^2=.338, d.f.=1, p=.561) rectification (X^2=1.418, d.f.=1, p=.234), non-existence (X^2=.439, d.f.=1, p=.508), denial (X^2=.695, d.f.=1, p=.404), clarification (X^2=.579, d.f.=1, p=.447), distance (X^2=.579, d.f.=1, p=.447), justification (X^2=1.020, d.f.=1, p=.312), crisis events misrepresented (X^2=0, d.f.=1, p=1), the 'too soon to know / no answer yet' strategy (X^2=.148, d.f.=1, p=.700), the suffering strategy (X^2=1.005, d.f.=1, p=.316), compassion without blame (X^2=.338, d.f.=1, p=.561), and the dominant strategy (X^2=2.314, d.f.=6, p=.889). *The Times* and *The Journal* reflected Merck's use of crisis management strategies in the same fashion.

Furthermore, news reports in both papers approached the Vioxx story rather similarly. Where there were differences in perspectives was within the editorial pages. Here, *The New York Times* consistently criticized Merck, while the *Wall Street Journal* Editorial Desk constantly defended or even praised the company.

The Wall Street Journal featured more stories on Merck's financial situation impacted by the recall than did *The New York Times* (23 to 6). Nevertheless, an additional chi-square test for differences between the two papers revealed no significant difference in the overall content / theme of items.

The only significant chi-square test for differences in expected frequencies was for the placement of Vioxx news/editorial items (X^2=15.4, d.f.=4, p=.004). *The Wall Street Journal* featured more of its coverage in the front news section (A), while *The New York Times* published more of these items in its business section (See Table 56).

Table 56

Placement of News/Editorial Items

Placement	# of Items in NYT	# of Items in WSJ	Total
Business	53 (53%)	37 (37%)	90 (45%)
Front section (A), not on front page	17 (17%)	33 (33%)	50 (25%)
Other news section	12 (12%)	20 (20%)	32 (16%_
Front page	10 (10%)	9 (9%)	19 (9.5%)
Other placement	8 (8%)	1 (1%)	9 (4.5%)
Total	100 (100%)	100 (100%)	200 (100%)

Post Hoc Analysis

The Use of Corporate Spokespeople / Sources In News Coverage

A chi-square test for differences in expected frequencies between the two newspapers regarding identification of Merck spokespersons/sources included in

news/editorial items was not significant (X^2=.099, d.f.=1, p=.753). Table 57 shows how the coverage of both *The New York Times* and *The Wall Street Journal* was almost identical in this respect.

Table 57

Expected Frequencies Regarding Identification of Merck Spokespersons/Sources

Source	No	Yes	Row Total
NYT	73 (73%)	27 (27%)	100 (100%)
WSJ	71 (71%)	29 (29%)	100 (100%)
Column Total	144 (72%)	56 (28%)	200 (100%)

About 28% of all newspaper coverage analyzed in both *The New York Times* and *The Wall Street Journal* included attribution to an official Merck spokesperson or source.

Attributions to corporate spokespeople for Merck were nearly similar in both publications, with *The Journal* featuring 29 and *The Times* featuring 27. Importantly, most of these attributions were not to the company's leadership or its high-profile executives, such as CEO Gilmartin or Dr. Kim. Instead, the most-quoted individuals were Joan Wainwright, Merck vice president for public affairs, and Tony Plohoros, a Merck spokesman. Other people who were quoted, though less frequently, were Ray Gilmartin, Merck's CEO, Dr. Peter Kim, president of Merck Research Laboratories, Judy Lewent, Merck's chief financial officer, and Anita Larsen, a Merck spokeswoman.

CHAPTER 5

DISCUSSION

Summary of Findings

The objective of this study was to trace and define the crisis response strategies Merck employed in communicating its corporate messages in the four-and-a-half months immediately following the Vioxx recall and how the media responded in their coverage.

This research, in part, tested Coombs' (1995) repertoire of crisis response strategies, grounded in the works of Caillouet and Allen (1994) and Benoit (1992, 1997), to explore if Merck's outgoing crisis management corporate messages included both mortification and ingratiation strategies, as recommended by Coombs' (1995) Transgression Decision Flowchart. The primary method was to content analyze and compare Merck's outgoing corporate messages with the media coverage published.

Two hypotheses were tested. The first was:

H1: In the first four-and-a-half months immediately following the Vioxx recall, the most utilized PR crisis management communication strategies implemented by Merck were ingratiation and mortification.

Merck did use both mortification and ingratiation strategies in communicating with the public through the media. These strategies were used in corporate messages distributed in both written and verbal form. Although mortification appeared most often in Merck's messages and also appeared most often in the newspaper coverage, ingratiation was the dominant strategy in the company's crisis response. However, non-

existence and distance strategies were also very visible at certain points during Merck's campaign to manage the crisis.

The second hypothesis tested was:

H2: Media coverage of Merck corporate messages during the first four and a half months following the Vioxx recall reported primarily the company's mortification and ingratiation strategies.

Mortification was the dominant strategy present in the news/editorial items analyzed, followed by ingratiation. However, non-existence, distance, silence and the new "too soon to know / no answer yet" strategy were also reported through statements by Merck spokespersons in the news/editorial items analyzed.

Two research questions were explored. The first was:

RQ1: What was the evolution of the Vioxx story in the media in the first four-and-a-half months immediately following the Vioxx recall?

Another purpose of this study was to observe the way in which the Vioxx story developed in the newspaper coverage during the period under study.

Interest for the story was great early on and remained high in October and November. The output nevertheless decreased at a steady rate after the first couple of weeks. Eventually, there were almost as many news/editorial items for the entire month of January, 2005, as there were for the first day of coverage. However, February marked renewed interest for the crisis.

Early reports focused on the recall and on Merck's related financial and legal problems. Later on, the relationship between Merck and the FDA and the implications of this case for this federal agency was the most investigated topic. Nevertheless, Merck's

crisis management efforts and the various results of the recall for Merck and for the pharmaceutical industry remained a prominently explored theme throughout the research timeframe.

Analysis showed that, although the output decreased with time, there was no significant relation overall between date, and length and placement of Vioxx-related news/editorial items.

The second research question asked:

RQ2: Were there any differences in the coverage provided by *The New York Times* and *The Wall Street Journal*? If so, what differences were they?

Notably, the coverage of the two newspapers reported strategies in very similar ways. Both *The Times* and *The Journal* emphasized mortification the most, followed by ingratiation. Although ingratiation had a few more presences in *The Journal* and mortification was a bit more frequent in *The Times*, the differences were not significant.

Another similarity between the two publications was the emphasis on non-existence and distance as the third and fourth most dominant strategies. *The New York Times* reflected a slightly larger variety of dominant strategies than *The Journal*.

Reporting on the Vioxx crisis in *The New York Times* featured more stories on Merck's crisis management endeavors and the broader ramifications of them and of the entire case. *The Times* also published more stories on the Vioxx litigation. On the other hand, *The Journal* focused more than *The Times* on Merck's post-recall financial evolution.

A post-hoc analysis revealed that source attributions to Merck spokespersons and were equally evident in both *The New York Times* and *The Wall Street Journal*.

News/editorial items that included such attributions accounted for only a quarter of the overall output. An interesting aspect outlined by this research was that the most quoted and referenced individuals were not Merck's most senior voices, such as the CEO or chairman who dominated in the company's press conferences and Web site crisis communication, but rather lesser profile public relations professionals. Consequently, Joan Wainwright, Merck's vice president for public affairs, and Merck spokesman Tony Plohoros were most present in the coverage.

Discussion of the Findings

Results of the study support the use of Coombs' crisis management strategies. Coombs (1995) constructed a scheme of guidelines that organizations can use in selecting the appropriate strategies to respond to a crisis. His work was primarily based on Allen and Caillouet's (1994) impression management strategies to consolidate legitimacy and Benoit's (1992) image repair modalities.

This analysis followed Coombs' 1995 Transgression Decision Flow Chart to determine which crisis management strategies should have to be used by Merck to efficiently negotiate the Vioxx recall crisis. As the flow chart shows, Merck had to determine the type of the crisis it was facing, define degrees of gravity and damage, acknowledge the victims, and consider the company's reputation to choose the appropriate strategy of response.

Mortification and Ingratiation Recommended for Merck

According to the flow chart, Merck should have used both mortification and ingratiation strategies to respond to its transgression-type crisis with major damage, potentially involving the loss of life on a major scale. Furthermore, as the auspicious

Forbes rankings stressed, the company had a generally good reputation that allowed for adding ingratiation to mortification.

In his 1995 study, Coombs noted that when serious damage such as death is involved in a crisis, organizations need to employ mortification in order to "maximize concern for publics while minimizing the protection of the organization's image." As he defines them, mortification strategies attempt to win forgiveness of the publics and to create acceptance of the crisis. Combined with mortification, ingratiation strategies seek to gain public approval for the organization by connecting it to things positively valued by publics.

At the same time, Coombs (1995) stressed that an organization's performance history can be a major factor in a crisis, since publics seem more willing to forgive an organization with a positive history than another with a negative history.

This study revealed that mortification and ingratiation dominated Merck's crisis management rhetoric. Nevertheless, the company also used non-existence, distance and other strategies to manage the crisis, including a new strategy, "too soon to know / no answer yet."

Merck's Corporate Response to the Vioxx Crisis

There were several areas in which Merck's crisis management efforts and arguments fell short. Following are closer looks at these areas and recommendations based on this study's findings.

The Need to Encourage Independent Checks

In his list of recommendations to organizations facing a major crisis, Benoit (1997) stressed the importance of encouraging independent checks by entities such as non-partisan review boards.

One of the most striking aspects about Merck's inadequate responses to the Vioxx crisis dealt with the company's incapacity to feature independent voices speaking in support of Merck. All the arguments in praise of the company's actions with Vioxx came from employees of Merck or those who were closely associated to the company. In this sense, the celebrated creation of the "independent" commissions to investigate the case, chaired by a person who worked for Merck, is a perfect example of demagogy.

Of course, the argument can be made that the FDA praised Merck's cooperation and defended the company, with the result that the two entities were largely seen as colluding and fought off criticism from the same corner. Significantly, all other parties not associated with the company who came out and expressed critical views on the Vioxx case were immediately denied and attacked by Merck. Dr. Graham of the FDA, the authors of the *Lancet* study, the doctors from the Cleveland Clinic, and many other independent entities encountered Merck's standard reaction of vehement negation. Also, Merck was unable to garner independent support and was uninterested in encouraging authentically independent external reviews throughout its crisis management campaign.

Merck's Vioxx recall crisis reiterates Benoit's advice to facilitate external, supporting testimonial and exposes the risks of losing credibility by not following such guidelines.

The Need to Humanize Speech / The Need for Compassion

Another deficiency in Merck's rhetoric had to do with its cold demeanor. The tone of most Merck communications was excessively pragmatic. A vast array of information was presented in an impersonal and technical way that often failed to engage or persuade.

Len-Rios and Benoit (2004) argued that Congressman Gary Condit's lack of compassion and his categorical differentiation from any responsibility in connection to Chandra Levy's disappearance negatively affected his political career and reputation. Similarly, Coombs (1999) considered compassion essential to meaningful crisis communication. Engelhardt et al. (2004) made similar arguments.

Furthermore, Coombs (1999) noted that providing a lot of technical information immediately following the outset of the crisis is not an effective response unless this dissemination is conveyed in compassionate tones. He also stressed that compassion seems to be a better predictor of account honoring and organizational control than instructing information. Echoing Coombs' analysis, Peter Sandman (2003) emphasized the need to accompany scientific information in crisis communication with humanizing elements, in order to give an overall impression of compassion and care.

The great number of patients affected by the recall or potentially crippled by Vioxx in the past deserved to hear Merck say at least once: "Even though we're not responsible, we're sorry." But that did not happen. The company used the "compassion

without blame" strategy only once in the entire period analyzed, and that instance had to do with the delay in reimbursements for pharmacists. Such lack of compassion, given the dramatic circumstances of the crisis, is deplorable.

Merck spent hours in press conferences and news briefings talking about earnings per share, dividends, and projected net income. The most affected stakeholders in the Vioxx crisis, the patients, received second-hand attention and virtually no empathy. Even when the patients were praised, it was because of their efficient response to Merck's corrective actions. As Allen and Caillouet (1994) suggested, praising stakeholders in an effort to overcome the ideological barrier between the organization and its publics and giving the impression of one united entity that shares common goals is critical to reinforcing legitimacy in the aftermath of a crisis. Nevertheless, as the numbers show, Merck's use of the ingratiation strategy of praising others was less than minimal in the overall scheme.

Clearly, Merck failed to "put patients first" and instead put shareholders first. A look at the overall frequencies for corporate communications involving Merck's post-recall financial situation and the ones dealing with victims and victims' families tells a sad tale. It appears that the company's biggest post-recall preoccupation was to project an image of financial strength to appease investors. It is also likely that Merck's legal advisors suggested a crisis response that avoided opening any kind of doors to financial and legal liabilities. Showing compassion and offering even a partial apology was obviously out of the question.

But, as Patel and Reinsch (2003) remarked, there is significant evidence to suggest that corporations in America "can apologize to someone who has been injured

by a product or an employee without creating a legal liability for the company." At the same time, Cohen (1999) was right in outlining that there is a difference between saying "I'm sorry for hurting you," which assumes blame, and "I'm sorry you were hurt," which does not.

Patel and Reinsch (2003) clarified that admissibility does not equal evidence of fault. Engelhardt et al. (2004) also noted that a company can express compassion without admitting blame. Consequently, by using the appropriate timing, medium, and message, a corporation can create a compassionate and remorseful response that does not necessarily imply responsibility.

The possibility of any sort of apology seems to have been discarded from the very beginning in the Vioxx circumstance. Merck's obsession with communicating financial strength and bright financial projections revealed significant greed and selfishness at the expense of a humane, compassionate, corporate response.

The Vioxx recall case stresses once again the necessity to convey at least some degree of emotion and empathy in crisis management discourse, regardless of the circumstances. Notably, the only time that Merck's stock regained some value in the time period studied was after Raymond Gilmartin's testimony, in which the company's CEO said that his wife had been taking Vioxx until the day of the recall. It was the only instance when Merck's communication struck an authentically human chord.

The Need to Avoid Arguments That May Backfire

Benoit (1997) recommends that an organization facing a crisis should avoid making arguments that may backfire. There were several arguments made by Merck spokespersons in order to support the company's legitimacy that quickly backfired. A

prominent example stated that immediately after Merck learned the troubling results of the Vigor trial the company "took additional steps, including conducting further prospective, controlled studies to gain more clinical information about the medicine." In fact, the records show that the APPROVe trial was not initiated in order to test the cardiovascular effects of Vioxx, but to explore Vioxx's protection against polyp cancer. The company stumbled on the troubling results accidentally, and consequently, critics were quick to point this out.

A second argument that played an important role in the crisis discourse involved Naproxen's protective cardiovascular effect. When asked if Merck further tested Naproxen's impact on the heart, Dr. Alise Reicin simply said that Merck did "some testing on animals." The then-new governmental study reported in *The Wall Street Journal* at the end of December 2004, further diminished the viability of the claim. Critics also remarked that Naproxen alone could not have accounted for a difference of such significant proportions in cardiovascular accidents as the one in the Vigor trial, or else it would not be sold so cheaply.

Merck spokespersons also argued that there was a high degree of uncertainty with regard to the exact cause of the Vigor findings, a fact that led the company to "embark on the studies to answer the question" of Vioxx's cardiovascular impact. Such an argument left considerable room to question why Merck did not take the drug off the market until this question was fully answered.

When *The New York Times* revealed that, after the Vigor findings, Merck intended to start a trial that would specifically test the cardiovascular effects of Vioxx but ultimately abandoned the endeavor, the newspaper questioned the company's Joan

Wainwright to determine why the idea was not pursued. Merck's spokeswoman responded that the primary reason why the projected trial was abandoned was because the company could not determine how large the pool of subjects should have been. Once again, the argument lacked substance and conviction. On the contrary, it prompted plaintiffs to consolidate their cases for Merck's recklessness with Vioxx.

Finally, the claim that observational studies such as Dr. Graham's or the *Lancet* analysis are not reliable was also questionable, since several products have been withdrawn in the past based on this type of research.

In conclusion, the Vioxx recall crisis reinforces Benoit's recommendation against making inconclusive and controversial claims that can easily backfire to hurt an organization.

The Need for Transparency, Context, and Clarification

Throughout its crisis management messages, Merck repeatedly expressed its inclination toward openness and complete disclosure. Yet, there were several claims in the medical world and in the press that suppression and coercion dominated the company's history with regard to Vioxx. Many said the Vigor results that Merck presented in 2000 were incomplete and omitted very troublesome data. Also, there was reason to believe that Dr. Graham did not alter his presentation in France "at his own will," but rather under intense pressure from Merck and the FDA. Along the same lines, Dr. Peter Kim's assertions that the 2000 interplay between Merck and the FDA in regard to Vioxx's revised post-Vigor labeling can be characterized as an "open dialogue" were contested by transcripts of related documents that gave the impression of a 'war of words.'

Finally, the most notable challenge to the company's purported inclination toward openness was the publication in *The Wall Street Journal* of e-mail transcripts revealing clearly that Merck's leadership knew Vioxx was suspect in 2000, after the Vigor trial.

To all these allegations the company responded with denial by stipulating that media reports had taken "information out of context." Nevertheless, the company did not follow such denial and distance with appropriate clarification, leaving many to question Merck's real record of transparency.

Benoit (1997) emphasized that defeasibility and blunt denial are quick to lose their effectiveness if not followed by enough adequate support and clarification. The Vioxx recall crisis suggests that organizations do need to take an additional step when responding to serious accusations and define why they disagree, providing sufficient evidence to support their case. The crisis also stresses that simply stating the press is misrepresenting information by placing it out of context fails to adequately respond to significant allegations and considerably undermines the company's legitimacy.

Merck first responded to the grave disclosures in *The Wall Street Journal* by denying their gravity and arguing for a lack of context. The company also said that it would not make additional comments, due to the legal investigation underway. But the company's stock fell abruptly in the following days, suggesting that Merck's denial strategy failed. The company eventually realized this and offered additional clarification, striving to put the revelations in a more favorable context.

Nevertheless, Merck's explanations that the "Dodgeball" documents were a game like "Family Feud" and that Dr. Scolnick's post-Vigor observations that Vioxx's negative cardiovascular effects were "clearly there" represented his "initial impressions"

still did not persuade. What were Dr. Scolnick's subsequent or eventual conclusions? Why did Merck not get him to talk, explain and elucidate? Retrospectively, it is evident that such measures to respond more comprehensively would have helped the company.

Thus, in instances when legitimacy is severely threatened, organizations should do more than just deny. Also, when arguing about a lack of context, companies have to provide the context so the public has a chance to understand the organization's case. With the right spokespersons, such as Dr. Scolnick, Merck could have clarified and framed the internal information and presented it to the press in more timely and detailed fashion. The immediate negative financial repercussions clearly exemplified the need for such a response.

The Need for Flexibility

Merck used a variety of crisis management strategies to manage the Vioxx crisis instead of only mortification and ingratiation. Non-existence and distance strategies were also incorporated in Merck's response in several instances.

Blaney et al. (2002) and Benoit (1997) warned that mixing the incorrect strategies leads to poor crisis management. Thus, denial does not work particularly well with mortification. Nevertheless, Brinson and Benoit (1996) stressed that image repair efforts pass through various stages, "responding to the changes in the situation and to the internal evaluation of accusations." This latter observation defines Merck's Vioxx-related crisis management efforts more accurately.

Even though Merck engaged in corrective action, the company did not accept any degree of responsibility. Thus, it would have been impossible to respond to the *Lancet* article or to the *Journal*'s disclosures of Merck's internal communication with

mortification and ingratiation alone. This reality underlines some of the limitations of Coombs' crisis management flow chart and, for that matter, of any pre-set crisis response plan. Although they serve as good starting points in determining effective crisis responses, they may prove too rigid. Innovation, creativity, and flexibility are demanded by all crisis response situations.

From this perspective, Merck's adjustment of tactics and strategies to new developments relates well to Priscilla Murphy's (2000) theory of complex systems, characterized by coevolution and nonlinearity. It is evident that although it began its crisis management campaign with mortification and ingratiation, Merck was subsequently determined to use non-existence, distance, and the new "too soon to know / no answer yet" strategy in order to fit "in the emerging aftermath" (Murphy, 1996). The repeated waves of disclosures and attacks in the media, which followed the first stage of the crisis, created different dynamics and required a constant adjustment of strategies. As Murphy (1996) noted, re-adjustments are triggered by changes in who or what has become the new attractor in the crisis.

Frequently, the media coverage determines this new attractor. In the case of Merck and Vioxx, the revelations of the company's internal e-mails in *The Journal* re-shifted focus to a new attractor of social responsibility. Although the initial attractor of the Vioxx crisis was social responsibility, this attractor lost some of its prominence after the first few weeks in the crisis and was replaced by an attractor of management competence. The early November disclosures in *The Wall Street Journal* re-shifted the dynamic of the crisis to the attractor of social responsibility. Consequently, in November

Merck inaugurated heavier use of non-existence and distance strategies, along with its dominant ingratiation and mortification strategies.

Thus, the Vioxx case shows that organizations facing a crisis should not and cannot stick blindly to one strategy or another, but must constantly adjust and reframe their response.

Coombs' Mortification and Merck's Vioxx Crisis

Brinson and Benoit (1996) considered it essential that a corporation realizes it best serves itself when it takes responsibility and acts accordingly, not hesitating to engage in mortification whenever there is significant evidence of wrongdoing. Similarly, Benoit (1997) argued that it is extremely important for organizations facing a crisis to admit fault immediately, in the instances when mistakes have been made.

Coombs (1995) defined transgressions as "intentional actions taken by an organization that knowingly place publics at risk or harm," such as "knowingly selling defective or dangerous products." He cited Dow Chemical's withholding of safety data about breast implants as a transgression example. He went on to remark that mortification provides the best response for this type of crisis, stressing that "mortification strategies do not deny responsibility but rather work to atone for the crisis in some fashion." Thus, Coombs suggested, the organization must accept some degree of responsibility and take corrective measures to atone.

Although Merck's response had mortification at its core, it was not the type of mortification that Coombs describes, but a different one. The company accepted no responsibility whatsoever for the Vioxx crisis, and never even hinted that it may be asking for forgiveness because it stipulated it did nothing wrong. On the other hand,

Merck's response did involve two of the three mortification strategies featured by Coombs (1995). Merck employed a great deal of remediation through the Vioxx reimbursements. It also used the most prominent rectification by recalling the drug. Coombs writes that through rectification "the organization seeks forgiveness as it establishes mechanisms designed to protect publics against future threats." But, once again, Merck did not seek forgiveness in its rectification, since it did not take any degree of responsibility.

Rectification Without Assuming Responsibility

What the company did in the Vioxx case could be termed as "rectification without assuming responsibility," a strategy for which Coombs' (1995) flow chart did not account. In this sense, Benoit's (1997) decision to separate corrective action from mortification, acknowledging that an organization can rectify without taking responsibility or seeking forgiveness, better describes how Merck responded.

Pragmatically, it is important to inquire into the viability of Merck accepting responsibility for the future of the company. The Vioxx crisis presented the ultimate challenge, having the potential to lead to Merck's demise. It was a crisis that featured survival operational threats, as Coombs (2002) outlined them. The company was accused, with significant evidence, that it marketed and sold a dangerous drug to patients for years, with full knowledge of this fact. According to Dr. Graham's assertions, Vioxx may have injured 140,000 victims. Accepting full blame for so many injuries would have surely exterminated Merck. It is inconceivable that a company in this day and age would take responsibility for this much damage and expect to continue to operate.

In consequence, Merck used an unusual form of mortification, remediating and rectifying but omitting apologies and atonement. Although of questionable implications, viewed from Merck's point of view and from a realistic perspective, the response was the only one left. Anything else was simply not feasible. The company was too far down the wrong path in 2004 to have the choice of turning around and asking for forgiveness with the expectation that this strategy would maintain its legitimacy.

It remains to be seen if Merck's "rectification without assuming responsibility" turns out to have worked or not. The simple existence of the company in the future would serve as proof that this strategy did function, at least to some extent. And, while questionable in the case of Merck and Vioxx, "rectification without assuming responsibility" may be equally legitimate in other circumstances. Companies can indeed recall products or take preventive measures and at the same time emphasize temporary uncertainty about the causes of the problem.

Documents presented in the press over the course of the Vioxx crisis confirmed that Merck knew about Vioxx's hazards. But, as Engelhardt et al. (2004) noted, there are authentic instances in which an organization simply does not have an answer yet. Similar to "compassion without blame," "rectification without assuming responsibility" can also be termed as "rectification without blame," since both strategies stress that it is too soon to know what triggered a crisis. Nevertheless, the latter involves acting toward putting an end to a problem and preventing its reoccurrence in the future. The crisis response to the Tylenol tampering situation featured many of the characteristics of this strategy.

The “rectification without assuming responsibility” strategy is an extension of another new crisis management modality observed in this research: the “too soon to know / no answer yet” strategy, which, as “compassion without blame,” stresses temporary incertitude but is not accompanied by empathy.

Under Coombs’ (1995) crisis management chart, Merck should not have said: “While we are taking this product off the market because it appears to be raising some questions of safety, we are uncertain at the time as to what the causes are and have certainly acted appropriately, in the best interest of our patients (stakeholders), all along the way.” But this is exactly what Merck said repeatedly.

Engelhardt et al. (2004) suggested expanding Coombs’ accident response plan with the “compassion without blame” strategy. Using this strategy, a company conveys compassion but “just does not have an answer” for the causes of a certain crisis. Merck took the empathy out of the “compassion without blame” strategy and delivered several messages best defined by the newly-created strategy of “too soon to know / no answer yet,” which simply states incertitude. Furthermore, emphasizing the same uncertainty and even an element of surprise, an organization can correct a problem triggered by unknown mechanisms and not crucify itself.

“It’s too soon to know what exactly led to the surprising results of the APPROVe trial, but we are taking all precautions by withdrawing the drug, even though we feel it would be possible to still market it,” does not fall into Coombs’ (1995) crisis repertoire. Adding the “rectification without assuming responsibility” strategy to the mix, particularly when dealing with *faux pas* or *accident*-type crises, would make the crisis response chart even more comprehensive.

Merck and Vioxx: The Newspaper Coverage

This study revealed that there were few differences in the way that *The New York Times* and *The Wall Street Journal* reported Merck's use of dominant strategies and of strategies in general. Furthermore, this research found that the two papers provided rather similar approaches and perspectives on the Vioxx case in their news features. The only differences of any consequence were in the stance of editorials in *The Times* and *The Journal*, and the placement of coverage.

Following is a closer look at how the Vioxx crisis and Merck's crisis management efforts were covered in the press.

The New York Times and *The Wall Street Journal* Not That Different

Contrary to arguments by Kaufman (1993) and Hart (2005), the analysis of the coverage on the Vioxx recall case determined that the antagonistic labeling of *The Times* and *The Journal* as left wing and right wing is only partially substantiated. In this case, news reports in the two papers were certainly similar. Both newspapers published a series of outstandingly critical and objective news articles with regard to Merck and its handling of this arthritis drug. Notably, it was *The Journal* that undermined the credibility of Merck's crisis management case the most, with repeated and highly important revelations of internal corporate communications. *The Journal* also devoted extensive attention to Dr. Graham's study on the dangerous effects of Vioxx and informed on the new governmental study that further weakened Merck's defense, showing Naproxen to pose similar cardiovascular threats as Vioxx.

While the news reports of both newspapers covered the crisis fairly similarly, editorials on the opinion pages revealed a contrast. *The New York Times* editorial

writers made the case for Merck's irresponsibility early on and continued in this vein during the entire period studied. In the early stages of the crisis, editorials in *The Times* blamed Merck for mishandling and irresponsibly marketing Vioxx. Subsequently, they expanded their scope to attacks against the entire pharmaceutical industry, and against corporate America in general. The FDA was also sanctioned for its lack of vigilance. The agency was presented as incapable to monitor the safety of the drug market and susceptible to suspect persuasions, if not bribery, from corporate giants such as Merck.

On the other hand, *The Journal*'s editorialists praised Merck's prompt rectification. *Journal* editorials also emphasized the benefits provided by drugs, such as Vioxx, over their side effects. As the crisis developed, editorials accused the healthcare system for the reported injuries of Vioxx. As in *The New York Times*, *The Wall Street Journal* also attacked the FDA, but for totally different reasons. In the opinion of *The Journal*, the agency was monitoring the pharmaceutical industry too harshly, preventing innovation and hurting the patients waiting for relief. Finally, while *The Times* chastised Merck for not withdrawing Vioxx early enough, *The Journal* criticized the company for withdrawing the drug at all.

The contradiction within *The Journal*'s coverage between editorials and news features confirms Irvine's (2001) observation that "*The Wall Street Journal* long has suffered from a split personality with its liberally slanted newsroom and its strongly conservative editorial staff."

This research also revealed that *The Journal* ran more reports on Merck's financial situation and on the company's leadership. This result is expected and understandable, given the business orientation of *The Journal*. At the same time, the

finding that *The Journal* featured more Vioxx-related items in the front news section, or section A, than *The New York Times*, makes sense once again, given *The Journal* is a business-financial publication. In contrast, *The Times*, a general interest newspaper, typically features a broader orientation, covering hard news and international reports in section A. Most of the items on Merck and Vioxx published in *The New York Times* were placed in the business section.

Overall, however, this study found great similarity in the ways in which two supposedly antagonistic publications covered a high-profile corporate crisis.

Merck's Reputation Not A Factor

The impact of an organization's performance history on the success of its crisis management efforts is covered extensively in public relations literature. Coombs (1995, 1998, 2004) noted that a good reputation tremendously helps a corporation's efforts to maintain legitimacy when faced with serious problems. Thus, an organization with a history of accidents will have to address a new accident such as a transgression as a consequence of bad reputation, which immediately triggers public perceptions of high crisis responsibility (Coombs, 1998).

With regard to transgressions, Coombs (1995) noted that a good performance history allows for the use of ingratiation in combination with mortification and significantly increases the chances for an efficient negotiation of the crisis. When crisis involves product tampering and technical-error product recalls, respondents perceived the reputation of the organization with a history of such crisis as significantly more negative than the reputation of an organization free of past crises or with an unknown history (Coombs, 2004).

As noted, Merck had a good reputation as one of the world's leading pharmaceutical giants and repeatedly received very favorable rankings on the *Forbes 500* list. Nevertheless, in the Vioxx crisis coverage of both *The New York Times* and *The Wall Street Journal*, Merck's reputation did not play any part at all. On the coding sheets designed for this study to analyze newspaper coverage, one of the options for the dominant content or theme of a news/editorial item was "Merck's reputation." The study did not find any item to deal with this topic. There was only one reference to Merck's reputation in the entire coverage reviewed. It came in *The New York Times*, when the newspaper presented a profile on CEO Raymond Gilmartin.

This finding about the impact, or lack thereof, of reputation on the newspaper coverage, is very important. It suggests that corporations engaged in crisis management cannot take their good reputation for granted, or assume that it will automatically be reflected in the press coverage. Although Merck's performance history was generally good, both newspapers omitted such references. At the same time, Merck's messages that emphasized the company's good reputation did not get much coverage.

In the case of Merck and Vioxx the situation is even more problematic because the dominant strategy of Merck's corporate crisis communication was ingratiation. As Coombs (1995) stressed, ingratiation can be used with mortification to effectively respond to a transgression only if an organization's reputation is good.

It is very probable that Merck opted to use ingratiation so prominently since it counted on its positive performance history to carry the company through the crisis. But, as the investigation of the press coverage suggests, the company's reputation did not

play a major role in the press coverage. Therefore, Merck's effectiveness in responding to the crisis was affected rather negatively from this perspective.

While corporate reputation did not impact the press coverage, the newspapers' reporting on the crisis did affect Merck's reputation in a negative way. For example, the disclosures of problematic Merck internal communication in both *The Journal* and *The Times* diminished the company's stock value repeatedly and almost immediately after publication.

The Vioxx case suggests that organizations responding to crisis in general, and to transgressions in particular, need to be very careful in their emphasis and use of ingratiation, even if their reputation is good. Thus, it appears that in situations such as Vioxx, a wiser decision is to not overplay ingratiation, but to focus primarily on consolidating mortification-type messages that stress remediation and rectification.

Overcoming the Media's Initial Onslaught May Not Be Enough

According to Engelhardt et al. (2004), if corporations facing a crisis manage to survive the initial media onslaught, they are in a very good position to ultimately overcome the entire crisis.

On one hand, this study supports this finding. As the numbers showed, the majority of reports came in the first day, first week, and first month of the crisis. For the following months, coverage decreased at a steady rate, while broader issues were investigated and Merck was occasionally out of the limelight.

Nevertheless, in part 1 of February the Vioxx case came back into focus, as coverage then nearly reached the total coverage for all of January. This finding suggests that a corporate crisis of the magnitude of Vioxx can be resuscitated by the

media after the initial coverage onslaught. The news media have the power, in chaos theory terms, to constantly redefine and rearrange complex corporate crisis systems through determining new attractors or re-emphasizing previous ones. Thus, as Engelhardt et al. (2004) observed, when companies fail to stay active in their response efforts the media may begin acting as crisis contributors. Consequently, corporations need to remain aware, continuing their proactive crisis management endeavors until the crisis comes to some resolve. Also, as the next section details, high-profile executives need to continue their involvement in the distribution of information and responses beyond the initial stages of the crisis.

High-Profile Spokespersons More Present Early

Analysis of the coverage of *The New York Times* and *The Wall Street Journal* also revealed that attributions to high-profile corporate spokespersons were more frequent during the initial stages of the crisis, and faded with the passage of time. CEO Raymond Gilmartin, Dr. Peter Kim, or Judy Lewent, Merck's most prominent voices, were quoted in more coverage in the first weeks following the recall and less often afterwards. They were replaced in reports by attributions to less prominent spokespeople, such as Joan Wainwright, Tony Plorohos, and Anita Larsen.

As public relations literature on crisis management suggests, an effective reply features the company responding with the most prominent executives (Roger & Storey, 1987). Given the magnitude of the crisis, Merck's Vioxx recall called for the presence of the highest-level executives throughout the crisis. While present at the outset, they failed to remain an important source in later coverage. Thus, it is important that

companies keep their high-level spokespersons involved in communicating messages throughout the crisis.

Merck did strive to do so to some extent, since the company had Raymond Gilmartin and Dr. Kim present in news conferences and other communications beyond October. But the newspaper coverage included few attributions to these executives during their later press conferences and statements. Rather, it appears that both newspapers preferred to contact Merck's public relations professionals individually (or separately) whenever they needed and obtained information in this fashion, or the access to higher-level executives became restricted.

Although difficult, it would be important for a company to continue to make its highest executives available to journalists, even after the initial stages of a crisis. Merck could have had Raymond Gilmartin or other high-profile executives at least occasionally communicate with both of these very prominent newspapers. Certainly, Ray Gilmartin should have been the one to respond to the serious disclosures and accusations in *The Journal* about the company's post-Vigor actions, and not Joan Wainwright. Considering *The Times*' and *The Journal*'s vast readership, this would have been a significant opportunity to reach the public and define Merck's position. The collaboration could have then been potentially stretched to in-depth interviews that had good chances to be featured in these papers. By collaborating in such ways, Gilmartin could have assured that more attributions to the company's highest executive authorities continued to be covered.

Consequently, high-level spokespersons need to develop modalities to remain present in the newspaper reports for longer than the first few weeks of crises to

continue to provide weight to the corporation's responses. Communicating directly with newspapers, on an individual basis, could be a solution. Another may be to post the transcripts of news conferences featuring high-level executives on the company's Web site, so that reporters have easy access to them.

TV May Be Better Than Newspapers for High-Profile Voices

Given the low percentage of news/editorial items that featured attributions to Merck corporate statements and press conference assertions, it appears that television may be a better way for a company to deliver a greater portion of its messages to the public.

Television can provide high-profile executive spokespersons with great opportunities to continue to appear in person and make themselves heard. Although subject to editing, the TV medium allows for a more direct, empathic way of delivering communication. It is often easier to convey compassion and empathy through the tone of voice and through physical presence, facial expression and gestures, than in written statements. New technologies, such as streaming videos posted on corporate Web sites, may provide all the benefits of TV news coverage without the risks of being subject to editing.

This study suggests that newspapers may not be the most productive medium for a company to control how its crisis communication is covered. Reports reflected only minimal excerpts of what Merck stated in quite numerous and detailed written and verbal messages.

The New York Times reported early in the crisis that Raymond Gilmartin was "running around" giving several TV interviews per day. Other studies may investigate whether this was a wise choice.

Limitations of the Study

The most evident limitation of this study is that the Vioxx case is an ongoing crisis. This research only investigated a part of it. Future studies should review the entire case, from the outset to its resolve. Thus, some of the outcomes of the Vioxx litigation would provide an interesting additional perspective on the case.

A second limitation is that the study did not involve measurement of the public's reaction to Merck's crisis management. Only Merck's financial indicators were used to evaluate performance history.

Also, this research analyzed coverage of only two newspapers. No other forms of news media were studied. At the same time, there was no investigation of effects of unmediated communication, such as the messages on Merck's Web site.

This study is subject to the limitation of all case studies, since generalizations cannot be made to other cases from this one with confidence.

Strengths of the Study

The study involved a timeframe capable of offering a comprehensive picture of the early stages of the Vioxx crisis.

The study also analyzed a large number of corporate communications (40), which included eight extremely extensive transcripts of corporate press conferences.

Further, this research is the first study to code for, test, and analyze the crisis response strategy of “compassion without blame”. Finally, the study is also to first to test Coombs’ (1995) Transgression Flow Chart.

Suggestions for Further Research

As noted, further research should look at the entire Merck and Vioxx crisis.

Additional studies should also test the new “rectification without assuming responsibility” response strategy. Further research should test Coombs’ (1995) crisis management repertoire and the new strategies of “compassion without blame” and “rectification without assuming responsibility”. There is still a need for more studies observing ways in which corporate crisis responses are reflected in the news media. Also, employing the same timeframe used for this study, it would be interesting to investigate how the Vioxx crisis was covered by television.

Conclusions

The Vioxx recall crisis presented a good opportunity to test Coombs’ (1995) Transgression Flow Chart and investigate corporate crisis management. Merck responded to a transgression-type crisis with an original form of mortification and with ingratiation. Although it implemented measures of mortification, the company did not accept any degree of blame. Instead, it accompanied ingratiation messages with the new strategies of “too soon to know / no answer yet” and “rectification without assuming responsibility.” This latter strategy played a major role in Merck’s response.

The exploration of the press coverage revealed much similarity in the ways two national newspapers reported Merck’s use of crisis management strategies. News

reports in both publications were also equally objective. Notable differences were featured by the editorial stances of the two papers.

Corporate reputation did not factor in the newspaper coverage. References to high-profile Merck executives were more frequent early in the coverage of the crisis and decreased afterwards. Overall, the newspaper reporting included few attributions to corporate spokespersons, suggesting the press may not be the best media for a corporation to convey its crisis management communication to the public.

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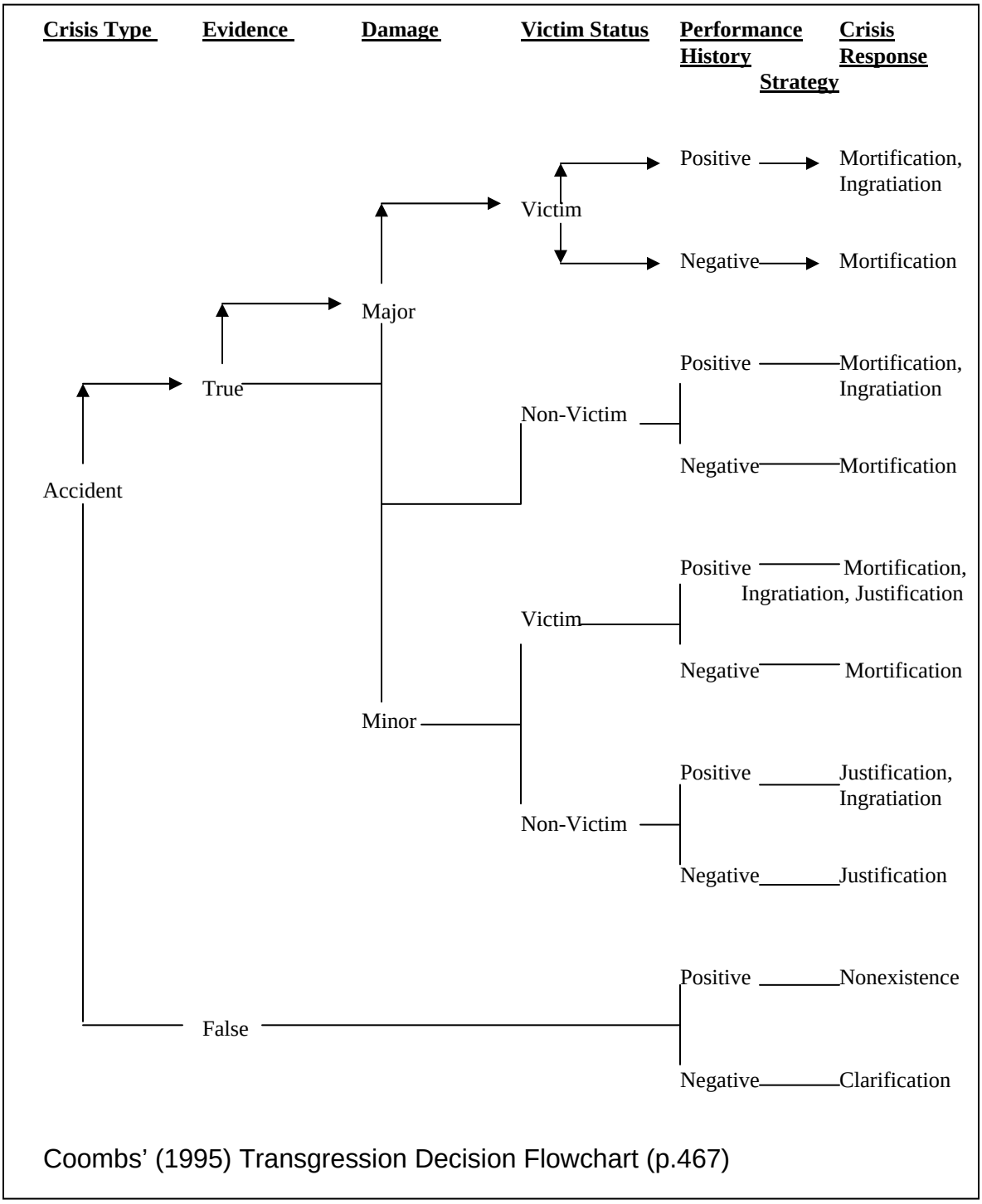
APPENDIX



Coombs' (1995) Transgression Decision Flowchart (p.467)