

**Effective Crisis Communication Strategy: Managing Product Harm Crisis  
in Global Markets**

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**Abstract**

**Introduction:** In today's global business environment, organizations are increasingly facing product harm crisis resulting in catastrophic damages to the organization. However, the impact on the brand can be moderated by the way the organization responds to the crisis. Furthermore, vigilant media, consumer activism, stringent regulators, volatile social groups, makes it imperative for the organization to have effective communication and response strategies to manage crisis.

**Research Gap:** Some researchers have conducted studies on crisis management in relation to media management, response strategies, etc. but there is a dearth of synthesized literature on product harm crisis management and effective crisis communication.

**Objectives:** The paper explores the frameworks and guidelines of effective crisis communication and proposes an integrated crisis communication strategy.

**Methodology:** Based on literature review, critical factors in preparing crisis communication plan are identified and an effective communication strategy is proposed. Case study of Nestle noodle crisis is included to showcase the organization's communication failures.

**Results:** The paper emphasizes that crisis communication is an integral part of crisis management. Well organized crisis communication plan, good relationship with stakeholders, organization's reputation before crisis, etc. helps in mitigating the risk. Guidelines and best practices for effective crisis communication are included in the study.

**Key Words:** Crisis management, Effective communication strategy, Product harm crisis, Reputation, Stakeholders

## **INTRODUCTION**

Product-harm crisis are discrete, well publicized occurrences wherein products are found to be defective or dangerous (Siomkos & Kurzbard 1994; Siomkos & Malliaris 1992). Product harm crisis may be caused due to producers' negligence, product misuse, sabotage, etc. and may happen to any company anytime. Irrespective of the cause, product harm crisis have the potential to produce deleterious effects on the brand because product harm crisis causes negative publicity which in turn affects consumers' attitude, and future purchases (Griffin, Babin & Attaway, 1991). However, the impact on the brand can be moderated by the way the organization responds to the crisis.

Notable examples of food product harm crisis include detection of benzene in Perrier in 1990, discovery of pesticide traces in PepsiCo and Coca-Cola flagship beverages in India in 2003, detection of high iodine in Nestle milk powder in Chinese market in 2005, detection of lead and monosodium glutamate (MSG) in Nestle Maggi noodles beyond permissible limits in India in 2015. Toyota's worldwide recall of over seven million cars in 2010 because of technical problems, identification of duped regulators in Volkswagen in 2015 to evade emissions test are examples of product harm crisis in automobile sector. These examples suggest that product harm crisis is rampant and may result in product recall. Product recall can be defined as calling back from the market, a product which is not in conformity with the standards committed to customers and may pose threat to the lives of the consumers.

Product harm crises/ product recalls have deleterious effects on the brand and corrode trust of the consumers in the product and the organization. Therefore, it is important to use the right kind of crisis response strategies to prevent negative behavioral intentions. The communication function plays a critical role in preparing an organization for product recalls. The crisis company should be equipped with a crisis management plan and crisis communication strategy to face the unanticipated situation with confidence. Furthermore, during and after a recall, communications help in restoring and strengthening the company's reputation. The communication after a crisis is vital because generally the magnitude of the crisis is measured by the reaction of stakeholders affected by a crisis including, employees, customers, community members, etc.

With globalization, easy public access to information, widespread use of technology, a crisis can result in havoc or watered down depending on the crisis communication by the organization. Moreover, organizations operating in multiple countries have to create different communication strategies for different countries considering the socio-cultural differences between them but communication has to be consistent because in the globalized world, market has become a single trading place and technology has surpassed geographic divisions enabling public to interact and share views.

### **Crisis Communication Defined**

Crisis communication is defined by different researchers in varied ways. Supporters of a proactive crisis communication approach argued that “effective crisis communication starts long before a crisis hits an organization and should be part of every organization’s business and strategic plans” (Ulmer, Sellnow & Seeger, 2007). The authors also emphasized the importance of communication with stakeholders in post crisis phase.

In contrast, proponents of the reactive approach stated that crisis communication involves the interaction with stakeholders during the “breakout stage of a crisis” (Sturges, Carrell, Newsom & Barrera, 1991) and that the majority of the communication decisions have to be made when the crisis takes place (Lerbinger, 1997). Crisis communication can be defined as managing the outcome, impact, and public perception of a crisis (Gray, 2003).

### **Crisis Communication and Crisis Management**

Many theorists and practitioners consider crisis communication as an integrated and critical element of, the crisis management process (Coombs, 1999) and that effective crisis communication is essential to maintain a positive relationship with key stakeholders in times of crisis (Sturges et al., 1991). In effect, while much of crisis planning is situation based and reactive, excellent communication helps the organization meet crisis objectives, and poor communication makes the crisis more damaging to the organization.

## **LITERATURE REVIEW**

One of the initial studies in the area of product harm crisis suggested four types of crisis responses: denial, involuntary recall, voluntary recall and super effort (Siomkos, 1992; Siomkos and Shrivastava, 1993).

Later, many researchers have suggested theoretical frameworks for crisis communication. The theory of image restoration and the Situational Crisis Communication Theory (SCCT) are most widely used theories till date (Coombs and Holladay, 2002). SCCT identifies how key facets of the crisis situation influence attributions about the crisis and the reputations held by stakeholders. This in turn, shapes post-crisis communication by the organization by giving insights into stakeholders' way to respond to the crisis.

Researchers suggested systems approach as a methodological approach to manage crisis which includes the following steps: creating a crisis team, notifying key publics, developing key messages, establishing a crisis control center, and monitoring the crisis (Coombs and Holladay, 1996; Greer and Moreland, 2003; Lyon and Cameron, 2004).

Many studies emphasized the importance of 'Communication and Media Management' as tools for Crisis Management in every stage: contingency planning, containment, and resolution (Bernstein, 2004; Zerman, 2004; Turney, 2004; Luecke, 2007).

A study suggested ten steps of crisis communication strategy that are widely undertaken by the organizations before, during and after crisis (Bernstein, 2004). These steps are: identifying the crisis communications team, identifying the spokespersons, spokespersons training, establishing notification systems, identifying and knowing stakeholders, anticipating crises, developing holding statements, auditing the situation, identifying key messages and riding out the storm.

Some researchers consider 'Audience Segmentation' as the basis of an effective communication strategy (Zerman, 2004; Luecke, 2007). Identifying key market segments and

delivering the right message by the right spokesperson through right media to the segment can be impactful (Zerman, 2004).

Six steps to preparing an 'Effective Corporate Communication Strategy' during crises (adapted from Turney, 2007) are proposed by Valackiene (2010). These include: (a) State the communication team's mission, (b) Identify organization's critical publics and themes to emphasize in communication, (c) Determine where crisis communication team is needed (d) Define task-related communication roles (e) Prepare a crisis communication team roster (f) Disseminate and regularly update the plan.

## **OBJECTIVES**

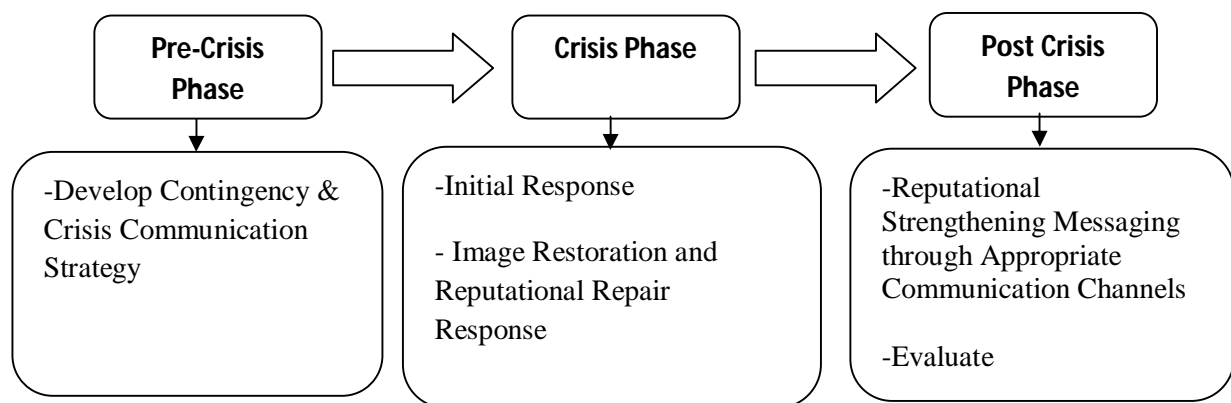
Few of the studies conducted by academicians and researchers on crisis management focus on media management/public relations, some emphasize on the use of technology for information delivery, while others focus on response strategies to manage the crisis. But there is a dearth of synthesized literature on product harm crisis management plan focusing on internal and external publics. Thus the objectives of the paper include: Identifying the importance of efficient communication strategy in product harm crisis management, developing an effective crisis communication strategy especially tailored to product harm crisis situations and showcasing how the lack of effective crisis communication can be a disaster through the recent case of noodle crisis faced by Nestle.

## **METHODS**

The paper offers a systematic review of existing research on crisis communication strategy and communication plan. Around 30 papers on the subject were reviewed and books were consulted. Based on the review, commonalities and differences between the studies as well as gaps in the literature were identified. Theoretical framework is proposed based on existing theories and models. The paper then explores the important principles of crisis communication and examines the guidelines suggested by experts and suggests an effective crisis communication strategy. Case study of Nestle noodle crisis is included to showcase the organization's communication failures.

**EFFECTIVE CRISIS COMMUNICATION STRATEGY: THEORETICAL FRAMEWORK**

A communications strategy in crisis helps the organization communicate effectively with all the stakeholders and meet organizational and crisis objectives. The paper establishes how to communicate information at the right time by the right spokespersons through varied platforms to the stakeholders during crisis to mitigate the damages. For effective Crisis Communication, we have divided the communication strategy into three phases (Refer Figure 1).



**Figure 1: Phases of Effective Crisis Communication Strategy (Source: Author’s Construction)**

**1. Pre-Crisis Phase**

***Develop Contingency Plan and Crisis Communication Strategy***

The organizations should create a detailed and coherent contingency plan and Crisis Communication Plan (CCP) that delineate every conceivable crisis and appropriate response of each possible crisis situation. Recalls should be included in those plans. CCP saves time during crisis by pre-assigning some tasks, pre-drafting messages and serving as reference source. Major components of the CCP include:

*(i) Define the crisis communication team*

The first step in preparing for a crisis is to define a team that will manage the crisis. The team may vary according to the size and nature of the organization. For example, a

manufacturing organization should definitely have a product manager and brand manager in the crisis team. Having members of varying fields will help managers of the crisis team gain critical insights of different crises situations.

*(ii) Crisis audit*

The second step in preparing for a crisis audit. In order to carry out an audit efficiently, two questions must be answered: (a) How likely is this crisis? (b) How devastating can the crisis be? (Fearn-Banks, 2002, p. 24-25)(Refer Table 1). By answering the two questions, the crisis team can prioritize the importance of each issue and accommodate for the crisis.

**Table 1: Ranking of Probability of Crisis and Potential Damage associated with the Crisis (Source: Fearn-Banks, 2002, p. 24-25)**

<b>Ranking of Probability of Crisis</b>	
<b>Rank</b>	<b>Crisis Type</b>
0	Impossible; that is, the crisis has basically no chance of occurring.
1	Nearly impossible
2	Remotely possible.
3	Possible.
4	More than possible, somewhat probable
5	Highly probable; may or may not have preciously occurred in the company, but warning signs are evident.
<b>Crisis Ranking according to the Potential Damage</b>	
0	No damage, not a serious consequence.
1	Little damage, can be handled without much difficulty, not serious enough for the media’s concern.
2	Some damage, a slight chance that the media will be involved.
3	Considerable damage, but still will not be a major media issue.
4	Considerable damage, would definitely be a major media issue.
5	Devastating, front-page news, could put company out of business.

*(iii) List of key stakeholders/key publics*

A crisis is a threat to reputation because a crisis gives people reasons to think badly of the organization. The organization should list all possible stakeholders to be affected by the crisis and have vested interest in the organization.

*(iv) Identifying media spokesperson*

The resource list of right media spokespersons for each type of crisis should be prepared. For example, product harm crisis issues should have Production – Vice President, or CEO as media spokesperson. It is important to select an expert that can address the issue promptly throughout the crisis (Gottschalk, 1993, p. 399). Media training and simulation exercises prepare the spokesperson to manage the press during actual crisis.

*(v) List of emergency personnel*

List of emergency personnel and local officials in case of multiple operating locations/countries, should be prepared in advance and kept at different places in the office so that these people can be easily reached out.

*(vi) List of key media*

The list of key media officials handling media centre should be prepared in advance.

*(vii) Crisis communication control center*

A site should be allocated to control and disseminate information. It serves as a place where the crisis team can meet, discuss, effectively handle the crisis situation and organize press conferences (Dougherty, 1992, p. 39).

*(viii) Seek third party validation*

Establish contact with and seek third party validation from recognized experts such as university professors or industry consultants. When the crisis hits, the press will have these experts as an additional resource for information.

*(ix) Fact finding*

A list of possible questions can be prepared in advance to help organization search for facts on those lines in context of the crisis and ensure that the organization is ready to interact with the media/public.

*(x) Pre-draft key messages*

Crisis managers can pre-draft messages or prepare audience specific templates that will be used for communication during crisis. Templates include statements by top managers with some blank space where key information is inserted once it is known.

*(xi) Build communication channels*

Key publics outlined in the communication strategy should also be approached with suitable communication channel(s). People that would be communicating directly with government at the time of crisis should be listed. The organization should be prepared to use intranet for reaching employees. The organization should also be prepared to use mass notification systems for reaching other key stakeholders including suppliers, stockholders, etc. An organization should create a separate website for crisis or designate a separate section for crisis on the current website. The web and social media should be used by professional writers with appropriate filters on mediums allowing dialogues.

**2. Crisis Phase**

The crisis response can be divided into two parts:

*(i) Initial Response*

It is important to provide the right flow of information during the first few hours and days after the crisis situation. Information on the progress of investigations and compensation procedures should be provided actively, quickly and with transparency. Following principles should be observed by the organization in initial response phase:

*-Accuracy:* Crisis managers should dispense accurate information, though in the initial few hours due to pressure and lack of facts, there is a risk of incorrect information. However, if the mistakes are made, they should be corrected. The key is that

communicators initially should support and advance the organization's mission and do not delve deep into technical issues till it has all the facts.

*-Reveal the bad news at once:* Poor communication with the media during crisis can ruin the reputations of organizations. Getting the own bad news out first adds credibility and indicates that the company is taking an active role in finding a remedy to the problem.

*-Quickly:* Crisis situations should be acknowledged immediately. The organization may not have all the details for days but a prompt announcement to the media and key publics will minimize rumors and further injuries. For instance, people must know not to eat contaminated foods to reduce the possibility of injuries and deaths. A study found that quick and early response helps an organization to generate greater credibility than slower response (Arpan and Rosko-Ewoldsen (2005).

*-Sympathize with victims:* Sympathizing with victims and can prevent lawsuits and mitigate negative media reaction and gain empathy.

*-Leadership cannot be delagted:* There has to be one leader (adept in his/her trade) in the organization who would serve as the central media spokesperson and manage the crisis. This could be CEO or Vice President- Production in case of product harm crisis.

*- One consistent voice:* Speaking with one voice by no way means that only one person will respond to media. There can be multiple spokespersons that should be coordinating with the media but they all should give consistent responses to the media.

*-Realistic optimism:* During crisis, leaders must cultivate a sense of equanimity and demonstrate 'realistic optimism', term coined by Justin Menkes, which means the ability to recognize the risks that threaten survival, yet remain confident that the company will prevail.

*-Actions must be consistent with the words:* What the organization says should be reflected in their actions. For example, if the organization commits to compensate the victims of the crisis, it should do so.

*-Communicate with all stakeholders through appropriate channels:* Providing information to all stakeholders is integral to establishing relationship with them. These include:

**Media:** With diversity of information delivery channels, need for fast information, increased pressure on authorities, and short time for management to inform the public and the media, the team handling media should be adept and prompt in their responsibilities including: responding to media requests for information, writing copy of press releases, organizing press conference, etc. The work group and the communicator should be polite and stick to the strategy for handling communication.

**Government/Regulatory Bodies:** The government must be informed with a phone call or in person, especially when government agencies like the Food Safety and Standards Authority of India (FSSAI) or U.S. Consumer Product Safety Commission in U.S. is involved.

**Employees:** Intranet should be used to quickly inform all the employees at one time about the situation, explain how it affects them, and how to handle the media.

**Investors/Stockholders:** Stockholders can be sent e-mails to explain the details of the crisis, with the assurance that the organization will emerge from the crisis. Stockholders should be encouraged to be supportive during this time.

**Consumers/Social Groups:** Organizations should demonstrate its responsibility to its publics by actively making information on the crisis available through TV or radio announcement. Organizations that have recalled the products from the market, may preempt their current advertising with special recall advertisement to inform more and more consumers and prevent further injuries or deaths, if any.

Once the crisis breaks, there will be a flood of calls coming into the organization. These members of support team can assist in handling the phone system using organized call log (Dougherty, 1992, p. 70).

With greater technology adoption, social networking tools such as Weblogs, Twitter, podcasts, YouTube, and email messages are increasingly being used to communicate with

stakeholders. Some of these media facilitate bi-directional communication, or dialogue. While organizations can use new media such as blogs to help them create dialogue with their stakeholders, it is important to also consider that the stakeholders themselves can use blogs to connect with other stakeholders. This is highly relevant during a crisis where stakeholders might feel victimized and are looking for others who share their views, share stories, and even seek collective legal action.

***(ii) Image Restoration and Reputational Repair Response***

Based on the analysis of the situation, the organization should prepare to restore the image. If the organization has erred, it is usually best to apologize, and rectify especially if the crisis resulted or likely to result in injuries or deaths. However, if the organization is certain that the situation is not urgent then the organization should respond on the basis of damages occurred, public reactions, and regulatory actions.

One important study on response strategies synthesized reputational repair strategies that are widely used by the organizations (Benoit, 1995). Later a study also integrated the work of Benoit and proposed response strategies under three basic response options: deny, diminish, and deal (Coombs and Holladay, 1996) (Refer Table 2). The deny response tries to prove that no crisis exists or that the organization is not responsible for the crisis. The diminish response accepts that crisis occurred but attempts to change the attributions stakeholders make about the situation in order to reduce damage to organization's image. Deal option reflects the neoinstitutional theory aspects of SCCT according to which the organizations are expected to behave and act in ways that are in line with societal norms/expectations (Allen and Caillouet, 1994)

<b>Response Option</b>	<b>Response Strategy</b>
<b>Deny</b>	-Attack the accuser: Crisis manager confronts the person(s) claiming that the organization has erred and threatens to sue those people. -Denial: Crisis manager asserts that no crisis occurred. -Scapegoat: Crisis manager blames person(s)/group outside

	of the organization for the crisis such as suppliers.
<b>Diminish</b>	-Excuse: Crisis manager minimizes organizational responsibility by denying intention to harm and/or claiming inevitability of the events that triggered the crisis. -Justification: Crisis manager tries to minimize the perceived damage caused by the crisis.
<b>Deal</b>	-Ingratiation: Crisis manager praises stakeholders and/or reminds them of past good works of the organization to help the community/environment. -Concern: Crisis manager expresses concern for the victims. -Compassion: Crisis manager offers compensation to victims. -Regret: Crisis manager shows the organization feels bad about the crisis. -Apology: Crisis manager indicates the organization takes full responsibility for the crisis and asks for forgiveness.

**Table 2: Crisis Response Strategies by Response Option  
(Source: Coombs and Holladay, 1996)**

All crises may not require reputational repair strategies whereas, when strong reputational strategies are needed then the effort may have to be continued in post crisis phase also. Response strategies are moderated by various factors such as company’s reputation and image, history of crisis incidents, severity of damage caused due to crisis, public and media reaction, regulatory action. SCCT argues that the organization match their crisis reputational strategies to reputational threat of the crisis. Many researchers have given attribution theory to guide the usage of response strategies (Coombs, 2007, Coombs and Holladay, 2002).

**3. Post Crisis Phase**

**(i) Reputational Strengthening Messaging through Appropriate Communication Channels**

During the crisis, reputational strengthening and image restoration messages are initiated and continued in this phase. The organization can release updates on further investigations, recovery processes, corrective actions, etc. to reassure the stakeholders. The organization should send customized messages to various audiences through appropriate channel(s) (Refer Figure 2).



**Figure 2: Channels of Communication**

**-Media:** All local, national, international, print, web, social media should be contacted. The organization should prioritize media relations and categorize them as per their intentions and roles: supporters or opposers. Messages should be drafted and tailored according to the category of media but consistency in message should be maintained.

Influential + interested + supportive = Reinforce and seek support

Influential + interested + opposed = Persuade

**-Social Media:** In globalized market, crisis news can easily cross borders. Moreover, international potential of a crisis is compounded by the near real-time spread of information through the internet and social media. Though social media has facilitated quick dissemination of information, opportunity to engage in dialogue with others, it is also associated with vulnerability as victims of a crisis can share their views, form coalitions and spread negative word quickly. Thus, the organization should have proper messaging strategies, do vulnerability assessments, control information by adding filters to reduce the intensity of crisis and regain confidence of public.

**-Public Relations (PR):** In a crisis, the public relations personnel should be used as they are the primary liaisons to stakeholders and the media. Maintaining good relationship with PR agency/officials and giving them access to information equip them to help the organization emerge from crisis.

**-Lobbying:** Organizations should communicate and influence their existing local and national government, special interest groups to convince them to advocate their state. For this, accurate information should be provided by the organization about the current situation as well as past Corporate Social Responsibility (CSR) associations with community. Organizations can also approach professional lobbyists who can use their knowledge to educate key decision makers.

**-Marketing:** The organization should make full use of website, focus on advertising, send out flyers, release videos, make a credible brand ambassador.

- **Website:** Organizations can make use of dark website that can be activated quickly in case of crisis or allocate a space in the existing website to present organization's side of the story and circumvent media filters. Website can showcase stories of hope through past CSR initiatives by the organization.
- **Advertisements:** After a product-harm crisis, the effectiveness of advertisement will not work as before (Heerde et al., 2007), and it may even work negatively for some crisis related companies (Siomkos and Malliaris, 2011). After a crisis, every advertisement or

media exposure about the company could remind consumer's impression about the crisis so advertisements should advance the vision of the organization and talk about trust. If the crisis has crossed national borders, different advertisements should be made for different countries keeping regulatory norms and socio- cultural differences in mind.

- **Videos:** Videos on success stories, CSR initiatives, advertorials can be released on social networking sites, social media and television. Positive CSR associations have greater buffering effects for reputation during product-harm crises.
- **Publications:** CEO/top management send organizational publications, including newsletters, annual reports, information flyers to stakeholders periodically. These publications may contain CSR initiatives, financial performance, best practices adopted by the organization. Such publications offer good opportunity for creation of favorable relationships with stakeholders post crisis and reassure them of the organization's integrity.
- **Brand Ambassadors:** Organization should have celebrity endorsers, brand ambassadors liked and trusted by general public.

**-Promotional Events:** Organization can make use of events for promotion at large scale.

- **Launch events:** The organization can organize product re-launch event after taking corrective actions to reassure the public of the quality of the product and measures taken by the organization.
- **Press conferences:** Press conferences are intended to answer media queries or/and issue public statement. The one who leads the conference should be able to work in a high-pressure press conference environment as reporters may demand confidential and sensitive information.
- **Public speeches:** The spokesperson should demonstrate his/her ability as a leader. Crisis situations should be viewed and used as leadership opportunity by the organizations.
- **Tours of manufacturing sites:** Organization should invite media personnel, interest groups, regulatory bodies to visit the manufacturing sites to assure them of quality and processes followed.

**(ii) Evaluate**

Once the crisis is under control and the media is composed, the organization should evaluate how the situation was handled and the success of the CCP. The telephone and mail log should be tracked and employees should be asked to re-evaluate their procedures and channels of communication for improvement.

Difference in sales, lawsuits filed, performance of the company, public reaction, before and after the crisis are some indicators of organization's success/failure in handling the crisis. The short-term consequences from the crisis might differ from the long-term effects. For instance, the sales following a crisis may not indicate the success of the organization immediately. It can take some time to regain market share. Evaluation should be for short-term and long term and comprehensive.

**RESULTS & DISCUSSION**

In the light of our theoretical framework on crisis management, the paper highlights crisis communication failures of Nestle during the recent product harm crisis of its product Maggi noodles. The possible failures are identified through content analysis of secondary data collected from various sources (newspapers, magazines, annual reports and blogs).

**Nestle: Crisis Communication Failures**

The recent FMCG brand in India to face product harm crisis is Maggi, the instant noodles brand from food and beverage company Nestle. Maggi was India's 'Most Trusted Food Brand in India' (Annual Report of Nestle 2014) and perhaps the country's most favourite and comfort food. The Swiss company Nestle began doing business in India in 1912 and trades separately on the Indian stock exchange. Nestle's operations in India include eight factories and over 7,000 employees.

Maggi was launched in India in 1984 as one of the top products of Nestle India and contributes approximately 29% to the overall revenue of Nestle India. The crisis erupted, when in June 2015, Maggi noodles samples in Lucknow were reported to have tested positive for lead and monosodium glutamate (MSG) in excess of permissible limits. Sanaju Khajuria,

Vice President - Corporate Affairs got the shocking news from his colleagues that Food Safety and Standards Authority of India (FSSAI), would soon recommend ban Maggi nationwide. Nestle India promptly responded with its own test results to prove that Maggi noodles were absolutely safe. The first place where Nestle failed was lack of far-sightedness because of which the organization failed to anticipate potential crisis. There was a fair chance to keep it geographically locked up by locking the batch from the identified factory but Nestle failed to take the action.

Within a week, the first national news story about Maggi crisis appeared in the Times of India. A couple of days later the news surfaced on social media. Had Nestle been proactive and paid the penalty of about \$4,500 for not disclosing on the packaging that Maggi sample contained MSG, this story might have ended there. But Nestle did not realize that the minor regulatory annoyance will spiral into a crisis for Nestle.

Third failure was that Nestle did not envisage an emergency plan, was not well prepared for the situation and did not make enough efforts to avoid crises even though it has suffered from Nestle infant formula scandal earlier, between 1970s-1980s. Since the organization that portrays itself as the “world’s leading nutrition, health, and wellness company,” fell short on quality - having dire health effects, it became unacceptable to the public.

Nestle responded to media requests but did not yet issue a public statement. As the reports in the media were out, enraged consumers vented their anger by protesting in the streets and setting fire to packs of noodles. Another communication failure arose because Nestle was so blinded by pride and its confidence in its own processes and data, that it stayed mostly silent and issued canned statements. This translated to a lack of empathy when addressing alarmed regulators, media and consumers..

On June 5, 2015, India’s central food regulator announced a temporary ban on the manufacture, sale, and distribution of Maggi noodles. The first ban came from Uttarakhand, where Nestle had five factories. Despite the bans, Nestle India executives said that they were still doing testing and gathering facts. They created a vaccum by not communicating with the

public and by withholding any public statement. Nestle appeared paralyzed as many Indians took the company's silence as a sign of wrongdoing.

Nestle had no option but to recall 2,00,000 packets of Maggi noodles. Bans in five other states and territories quickly followed including New Delhi, coupled with retail chains removing Maggi noodles from their shelves.

Nestle organized a press conference the next day to announce the news, and issued a short statement: "In spite of Maggi noodles being safe, Nestlé India decides to take the product off shelves." That attitude of polite superiority and pride irritated regulatory officials and aggravated Nestle's problems. 200 journalists demanded answers from Paul Bulcke, CEO - Nestle: Why Nestle took two weeks to make a statement? If Maggi was safe, was he saying the government results were misleading? To this he replied that he is not criticizing but is insisting on quality standards that Nestle takes pride in.

Nestle ran its thousands of tests and declared that no problem existed. One of the communication failures of Nestle was that it doesn't generally seek media attention, and its communications department is very small as compared to the size of the organization. This could be attributed to the way that Nestle deal with authorities directly rather than through the press.

Nestle made some incomprehensible and suspicious moves such as incinerating 37,000 tons of Maggi that it collected. This act created doubt in the minds of public regarding the quality of noodles and trust on the brand as the government order hadn't mandated that Nestle get rid of the noodles. Furthermore, amidst the crisis, there was no brand manager for defending the brand and taking ownership of the product and the brand.

On August 13, 2015, a couple of weeks later, the High Court of Bombay delivered its judgment and allowed Nestle India to resume sales of Maggi, on the condition that another round of 90 samples be tested for lead and qualified in the next six weeks by three labs accredited by the National Accreditation Board for Testing and Calibration.

Nestle got official clearance from the Bombay High Court in October and spent weeks preparing to build demand after the product's months-long absence from shelves. The company started playing on nostalgia and targeted youngsters and launched a #We Miss You Too campaign on YouTube. This was followed by #Maggi Mother in which Nestle gave video testimonials of mothers about why they still trusted Maggi and #Welcome Back Maggi campaign. It was able to rebuild emotional connect with public to some extent with #Nothing Like Maggi campaign. But the emotional impact of the campaigns was not very high because of communication failures of the organization in the initial crisis phase. Another major failure was that a corporate with such an extensive presence in the country didn't have anyone standing up to bat for it and didn't have any credible external endorsers.

Nestle was slow to communicate and failed to engage. Supriyo Gupta, CEO of Indian PR firm Torque Communications blamed Nestle for conservative media approach. They didn't have the relationship with media that give access to their story and support its condition.

Moreover, the organization did not realize the national and socio-cultural differences while communicating. Indian business market is different from US and Switzerland. Nestle handled the case purely as a technical issue overlooking the emotional attachment of Indian public. CEO's ideal job should have been image repair and reconciliation but the organization rolled him in straight into FSSAI. Putting up the global CEO straight into FSSAI was possibly a very European view of engaging the government and sorting out issues.

Because of lack of appropriate crisis communication, Nestle lost \$277 million in missed sales and \$70 million was spent to execute the recall. The damage to its brand value costs around \$200 million. Though Nestle have been at the centre of many maelstrom over their food and promotions yet they lacked a well planned contingency and communication strategy but due to successful advertisement campaigns in the post crisis phase, Nestle was able to recover to nearly 50% of the original industry sales within a year.

## **MANAGERIAL IMPLICATIONS**

A proactive crisis management plan is essential for the organization for vulnerability analysis and improving relationships with stakeholders through various channels of communication. This will help the company to develop an effective recall strategy in the long run and at global levels. The crisis communication integrates public relations, media relations, management, marketing, etc. so as a set of best practices and guidelines on crisis management would be a useful for crisis managers, public relations officer, marketing managers, product managers of the crisis organization. The paper will give insights into the principles and guidelines for effective crisis communication and management.

## **CONCLUSION**

Crises can hit the organization anytime despite how well prepared the organization is. The key is to be well prepared for a crisis with a crisis management plan at the first place. Most crises are preceded by warning signals therefore it is important to be aware of the present situation to decrease the risk of a crisis. Nevertheless, even the most prepared operations can be hit with a major crisis. Therefore, understanding how to communicate during a crisis applies to all organizations. Maintaining warm relationship with stakeholders, holding good reputation, engaging in community initiatives, building strong media and public relation team helps to buffer the organization during crisis. Timely and effective communication with the stakeholders is the heart of crisis management. Though it is difficult to distill all that is known about crisis communication in one concise entry, the authors have tried to identify the best practices and lessons created by crisis management researchers and analysts. While crises begin as a threat, effective crisis management can minimize the damage and in some case allow an organization to emerge stronger than before the crisis.

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