

## A. CAMPAIGN TITLE

Cadbury Crisis Management

## B. CAMPAIGN SUMMARY

On October 3, the Food and Drug Administration Commissioner received complaints about infestation in two bars of Cadbury Dairy Milk, Cadbury India's flagship brand with over 70% market share. He ordered an enquiry and went directly to the media with a statement. Over the following 3-week period, resultant adverse media coverage touched close to 1000 clips in print and 120 on TV news channels. In India, where Cadbury is synonymous with chocolate, the company's reputation and credibility was under intense scrutiny. Sales volumes came down drastically in the first 10 weeks, which was the festival season; retailer stocking and display dropped, employee morale - especially that of the sales team - was shaken. The challenge was to **restore confidence in the key stakeholders** (consumers, trade and employees, particularly the sales team) and **build back credibility** for the corporate brand **through the same channels** (the media) that had questioned it.

A focused **and intense communications program** was implemented over the next six months to rebuild credibility and restore confidence among the key stakeholders. The results:

- In media, the key message that infestation was a storage-linked problem, not manufacturing related, found widespread acceptance. Across the board, media carried Cadbury's point-of-view on the issue.
- Sales volumes climbed back to almost to pre-crisis levels eight weeks after the launch of new packaging – a concrete step taken by the company to minimize the incidence of infestation. This reflected consumer confidence in the brand and the company.
- There was significant upward movement in ratings amongst consumers on parameters like company's image, responsiveness of company and behavioral parameters like intention to buy Cadbury chocolates. The last two helped to restore faith in the corporate brand among the trade and employees.

## C. MARKETING CHALLENGE AND OBJECTIVES

On October 3, the Food and Drug Administration (FDA) Commissioner received complaints about infestation in 2 bars of chocolates. He ordered an enquiry and went directly to the media with a statement. Huge media attention and the graphic nature of the coverage resulted in the consumer perception that every bar could be infested. The incident came close on the heels of a cola controversy where a scientific laboratory declared colas unsafe due to high levels of pesticide. The jury was still out on that issue and so this incident acquired political overtones with parties decrying Cadbury as an irresponsible MNC. Andrea Dawson-Shepherd, Global Corporate Communication Counsel, Cadbury Schweppes called it **'the worst worm infestation-related crisis anywhere in the world'**.

The immediate objective was to get the following key messages across:

- o Infestation could never occur at the manufacturing stage
- o The problem was storage linked; this without alienating trade channels
- o Cadbury Dairy Milk continued to be safe for consumption

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## D. TARGET MARKETS

The problem started in one city, Mumbai, but later spread to other towns in the states of Maharashtra and Kerala. But it became a nationwide crisis since national media covered it. So clearly the first target audience that needed to be addressed was the **media** - both electronic and print media, national and local.

Additionally, two other stakeholder groups were identified. **Trade partners**, as their confidence was shaken. Finally, as intense media coverage continued, it became important and critical to include the **employees, especially salespersons** as the third group.

## E. STRATEGY

It was decided from the start to address the issue head-on and take whatever steps were necessary to restore confidence. Having historically maintained a low profile with the media and let its brands and its performance speak for it, the company began to cultivate relationships with the media and turn it into an ally and a credible, independent endorser to rebuild stakeholder confidence.

### Phase 1: Presenting Cadbury's view (October-December 2003)

- The day the crisis broke, the agency set up a **media desk** to ensure that no media query went unanswered. From Day 1 every story carried Cadbury's point of view.
- At the first media **briefing** organised by the agency, the Cadbury's Managing Director addressed consumer concerns with the following key messages:
  - o Infestation is a storage linked problem.
  - o It is safe to eat Cadbury chocolates.
  - o Consumers must exercise the same care in purchasing a chocolate as they would when buying any food item.
- At a **second media briefing** about two weeks after the first incident was reported, Cadbury announced significant steps to restore consumer confidence. Called Project Vishwas (Trust), this entailed:
  - o A retail monitoring and education program undertaken on a war footing to address storage problems
  - o Significant packaging changes to 'reduce dependency on storage conditions as much as possible' – to be launched within two months.
- An **Editorial Outreach program** with 31 media editors across 5 most affected cities was orchestrated by the agency to get senior Cadbury spokespeople to share their version of events in one-on-one meetings.

The trade, and consumers, were reached nationally through a press ad '**Facts about Cadbury**', released in 55 publications in 11 languages. It presented facts about Cadbury manufacturing and storage and highlighted corrective steps being taken by the company. This was a public statement of the corporate stand on the issue. The trade was supported with **posters and leaflets to help them share Cadbury point-of-view with their customers**. A **response cell with a toll free number and an e-mail id** were put in place to give trade a means to directly contact the company with any issues they faced- reinforcing the company's commitment to quality.

From the beginning, a series of **town hall meetings were** held with senior managers addressing employees to ensure they were updated on the proactive actions being taken by Cadbury to manage media, help trade and ensure future occurrences of such incidents were kept to the minimum. Regular email updates from the MD were also used to communicate the company's point of view and to ensure consistency of messaging since employees are the company's ambassadors.

### Phase 2: Packaging change (January- March 2004)

The **new 'purity sealed' packaging** was launched in January 2004. This entailed double wrapping for maximum protection to reducing the possibility of infestation. This was a big step involving investment of millions of dollars and getting on stream a production process in 8 weeks, that would normally take about six months. To communicate these significant changes the company was making, Cadbury brought **in a brand ambassador to reinforce the credibility that the company had demonstrated through its actions**. Amitabh Bachchan, a legendary Indian film star, was chosen, as he embodied the values of Cadbury as a brand and connected with all of India - mothers, teenagers, children, media persons and trader partners.

A **media conference** was organized in Mumbai to launch the new packaging. And this was followed with press conferences in cities worst affected by the crisis - Pune and Nagpur in Maharashtra and Cochin in Kerala. In these conferences, media persons were encouraged to compare the old and new packs with an innovative **comparison kit** and experience the significant changes in packaging first hand. An **audio visual with a message from** Amitabh Bachchan, was beamed to build credibility and excitement. Given that much

of the damage had come from television coverage, a video news release with packaging shots and factory shots was given to television channels to control the visual messaging. Simultaneously, senior Cadbury spokespersons had **one-on-ones with the Editors** of the Outreach program initiated in November 2003. Another audio visual with a message from the star was used in a **series of sales conferences** to enthuse and reassure salespersons. And this helped to rebuild confidence in the salespersons to go and sell the product more convincingly and confidently to the trade.

The announcement of the new pack was done through a **testimonial advertisement** on TV called **'Sincerity'**. It consciously addressed the problem head-on, with the superstar talking straight into camera about how before doing the ad he first convinced himself about the quality of Cadbury chocolates by visiting the factory. Consumers respected the brand for not skirting the issue but acknowledging it and giving a solution to the problem This was Public Relations using a TV Commercial to get key messages across!

## **F. CAMPAIGN RESULTS AND MEASUREMENT**

- **Media Coverage:** The media relationship effort clearly helped in making media accept that the infestation was genuinely caused by storage-linked problems. From the start, **all media reports carried the Cadbury's point-of-view**. Bad news automatically gets great coverage. However, the agency helped Cadbury get a total of 378 clips in over 11 languages covering the new packaging, and its benefits, in January 2004. The Business Today clip is a typical representation of the changed media perception and a better understanding of the problem over a three month period.
- **Sales:** Sales volumes, which declined drastically between week 1 and week 10 of crisis, climbed back almost to the pre-incident levels by week. within 8 weeks of introduction of new packaging and communication. This is a clear reflection **of restoration of consumer and hence trade confidence** in the corporate brand.
- **Image:** There was significant upward movement in ratings amongst consumers on parameters like company image, responsiveness of company and behavioral parameters like intention to buy Cadbury chocolates.

While the new product introduction and advertising had their role to play in the changing consumer perceptions, the **media's positive coverage and the trade's positive pre-disposition played a huge part in helping Cadbury regain its reputation in the market.**