

SAGA OF “NOODLE DOODLES”- AN ANALYSIS OF DO’S AND DON’TS DURING CRISIS COMMUNICATION WITH REFERENCE TO NESTLE INDIA’S MAGGI NOODLES

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Abstract

The big disaster of Maggi is not because of lead, not because of MSG, it is because of "NO COMMUNICATION"

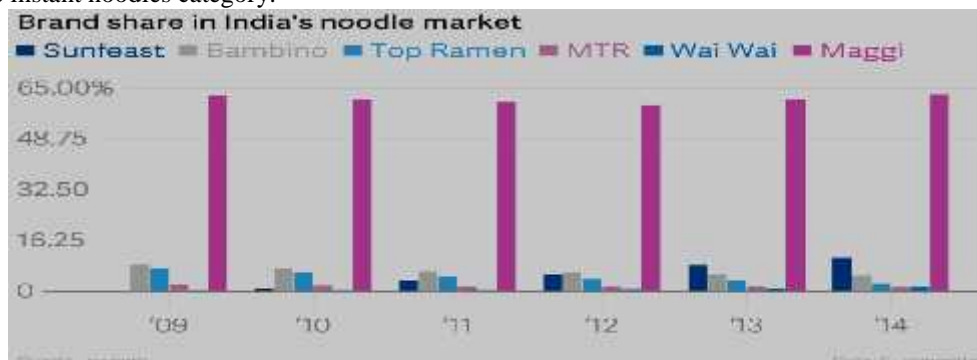
The present Maggi India case perhaps goes down in Indian corporate history as one of the worst examples of how a large multinational handled a crisis arising out of a defective product potentially harmful for consumption. Nestle Maggi has been a household name for decades now. A brand that became synonymous to instant noodles in India and ruled the category for more than two decades suddenly vanishes from the retailer's shelves one fine day due to a crisis. The way the Maggi noodle crisis in India has been handled by Nestle India is surprising. Food is a high-involvement category and Maggi is loved by children and adults who have grown up consuming the instant noodles. In the wake of recent allegations against Nestle Maggi for Lead and MSG quantities, Nestle Maggi has above than permissible quantities of lead along with MSG (Monosodium Glutamate) which can be harmful if taken in uncontrolled measures. Samples from UP, Bihar and few other states have shown excessive lead that leads to many damaging attributes among children. Primarily mistakes happen but the way how they are handled does matter a lot. This case tries to analyze Nestle India's Brand Maggi's crisis communication pattern, how it could not connect emotionally with the consumers through its crisis communication techniques and examined the do's and don't's during a crisis, and if followed meticulously during a crisis can lessen the amount of damage that is done to its brand reputation.

Key Words: Crisis Communication, Crisis Management, Maggi Noodles, Nestle India.

1. INTRODUCTION

Nestlé India Ltd. (NIL), the Indian subsidiary of the global FMCG major, Nestlé SA, introduced the Maggi brand in India in 1982, with its launch of Maggi 2 Minute Noodles, an instant noodles product, which were not previously part of the culinary culture, and instant food was not common in the Indian packaged food market. Maggi became the breakfast of choice for parents struggling to get their children ready for school in the morning. The advertised idea of a delicious and nutritional meal that could be cooked in just two minutes appealed to millions. Maggi became a preferred snack for children, singletons and working couples. In more recent years, hundreds of thousands of Maggi stalls have opened across the country making it a popular street food. Urbanization, rising income levels, working couples, interstate migration and changing lifestyle of young India are key drivers for the noodles market. The product was positioned as a meal which is filling and can be prepared in just a few minutes, thus offering both convenience and time saving.

Now, India is the second largest single market for Nestle's Maggi brand, with retail sales worth \$623 million in 2014 across noodles, table sauces and other products, according to Euromonitor International. Nestle has virtually dominated the Indian noodle market till now but lately many large FMCG players and retail chains like Hindustan Unilever (knorr soupy noodles), Glaxo smithkline consumer healthcare(Foodles), capital Foods Ltd.(Ching's secret),ITC (sunfest yippee noodles),Future group(tasty treat) have launched their products in this lucrative space. Still Maggi holds a commanding position in the Noodles Segment with over 70% market share. Maggi has a large fan following in the country and personalities such as Amitabh Bachchan have endorsed it in the past. Because of its first-mover advantage, NIL successfully managed to retain its leadership in the instant noodles category.



Source:Quartz qz.com



Such a stalwart brand is caught hold in the noodle doodle soup crisis at present. Most of the damage has happened because the brand failed to communicate. The present case tries to identify the issues related to the crisis management as well as how and what Maggi could have done to resolve the crisis through proper communication strategies at the earliest.

2. BACKGROUND OF THE CASE

The brand that commanded an over 70 per cent of the market share in the instant noodles category, beat a hasty retreat in the wake of reports by FSSAI (The Food Safety and Standards Authority of India) which was established under Food Safety and Standards Act, 2006 for laying down science based standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption. Testing in Government Laboratories in UP and Kolkata revealed that one of India's favorite snacks had 7 times the permissible amount of MSG or monosodium glutamate otherwise popularly known as Ajinomoto, a taste enhancer. Elemental lead has also been detected of up to 17.2 parts per million. FDA officials seized more than 2 lakh packets of various quantities of Maggi Noodles. FDA officials from other states have begun conducting similar raids and samples of the product have been sent for testing.

Recent samples from UP, Bihar and few other states have shown excessive lead that leads to many damaging attributes among children primarily resulting in by nationwide ban for Nestle's Meri Maggi. Mistakes happen. Really. So why doesn't Nestle own up? Why don't they release "more" than a press release and actually TALK to consumers? What happened? This happened with Coke happened with Cadbury. So why is this on such a bigger scale as compared to others?

3. COMPANY'S STAND ON THE ISSUE

According to the Company CEO Paul Bulcke, Nestle's product was "safe for consumption". The Nestle site states "Nestlé India has tested around 1,000 batches of MAGGI Noodles in thier own laboratories and also asked an independent lab to test an additional 600 product batches. These tests covered batches totaling 125 million or 12.5 Crore packets of noodles in total. These tests found that levels of lead in the products were within the food safety limits specified by the Indian authorities."

With the Government forcing a nationwide ban for Nestle on 3rd June, 2015; India is planning to sue Nestle for damages, it is the first time India taking on legal actions against a multinational company. With the ban, over 500 workers at the Maggi Factory lost their jobs, big companies like Nestle holds a strong hand on a country's economy. However, Merri Maggi is only 1% of Nestle's global sales, but the damage to its brand worldwide is immeasurable.

4. FLOW OF COMMUNICATION STATING HOW THE CRISIS COOKED UP

The first notice which Nestle India got for unhealthy food practices and deceitful labelling was in March 2014. That is 15 months back. In July last year, Nestle appealed regarding the issue and Maggi was sent for testing in the Kolkata Central Food Laboratory, a NABL accredited government lab. In April this year when the results found high levels of lead and MSG, Nestle did not even respond the FDA warnings. Nestle may have assumed that the government would be indifferent, that the media would move on, and the controversy would die a natural death. They were wrong.

The startling findings of lead and MSG in Maggi were confirmed in April 2015, the mainstream media picked up the issue, a month later, on 20th May 2015.

There was a one month window for the food giant to get its act together

21st May 2015 – Indian State Orders Recall of Maggi Noodles

Indian food inspectors order Nestlé India to recall a batch of Maggi Noodles from the northern Indian state of Uttar Pradesh claiming that tests have found Maggi instant noodles "unsafe and hazardous" and accused Nestlé of failing to comply with food safety law.

Nestlé response

The initial response from the global FMCG Company rejected the accusation that the noodles were unsafe and said on their website and social media accounts that there had been no order to recall any products.

A statement on their website said that "The quality and safety of our products are the top priorities for our Company. We have in place strict food safety and quality controls at out Maggi factories. We do not add MSG to Maggi Noodles, and glutamate, if present, may come from naturally occurring sources. We are surprised with the content supposedly found in the sample as we monitor the lead content regularly as a part of the regulatory requirements."



1st June – Nestlé re-assures customers its noodles are safe

Nestlé continues to keep its customers up to date on the investigation into the safety of Maggi noodles in India. On the official Maggi noodles India Facebook page, Twitter and website, Nestlé states that extensive testing reveals no excess lead in Maggi noodles.

2nd June – Nestlé interacts with customers on social media thanking them for their support

Nestlé uses Twitter and Facebook to answer customers questions about the levels of MSG and lead found in their noodles. The company continues to re-assure customers that the noodles are safe and that they are a transparent company working closely with authorities in India to resolve the issue. As well as this Nestlé explains the science behind the tests, what lead and MSG are and gives an informative breakdown of the ingredients in their product.

5. FINDINGS AND IMPLICATIONS FOR CRISIS COMMUNICATION

• The first response cannot be Denial in crisis communication

This is the age of consumer activism, Conditional acceptance of allegations can work wonders in limiting potential damage. Nestle continues to remain in denial. Its argument: Maggi is safe. But an offer to recall or withdraw existing stocks from shop shelves immediately after the controversy broke out could have prevented things getting out of hand. Nestlé defended its product and rejected all claims that its noodles were unsafe, and they did this on all digital channels for which it later apologized.

Nestle India has chosen to brazen it out. It has stated that MSG is found in the raw materials used to make the noodles. That lead is present in the soil and atmosphere! This brings back memories of how Cadbury blamed retailers for poor storage of chocolates that were found to be contaminated. It would be well to remember that in that case Cadbury was forced to accept responsibility, change its packaging and bring in Indian movie superstar Amitabh Bacchan to redeem its brand. The cost; loss of sales during the Diwali festival season. For a situation of this magnitude, the Nestle global site does not even acknowledge the controversy in India.

• Maggi was Slow in reaction to the crisis

It is important for an organization to move at the speed of the crisis and not their own “business as usual” speed. In the digital era, a day late is like being a month late. Maggi enjoyed the special status because of their consumers. Maggi needed to behave responsibly and hence instead of negating the issue, it should have immediately offered to take back the stocks from effected markets, issuing a statement proactively something like "In view of the current issues as reported in the media, we are calling our stocks back to check and rectify the issue, we will validate our product's safety and then only would bring back the product in market. Absence of communication by Nestle horrified image management specialists.

In fact while the controversy was at its peak, Maggi’s regular Television commercial (The schoolgirl, ‘Rajkumari’ -Mom Ad) was constantly being aired across channels depicting an attitude as if the company was under the impression that the trouble was minor and would blow away at worse. The company appeared to be in denial-mode without, however, stating its position in so many words.

After meeting with the national food safety regulators, Nestlé said it was withdrawing Maggi noodles from stores “despite the product being safe”. Almost simultaneously, the national food safety regulator ordered Nestlé to recall all Maggi noodles from store shelves.

• Could have been proactive rather than being forced to be reactive

Being conservative is good, but not quite in a crisis involving its most iconic product. They could’ve recalled the product voluntarily (Nestle did that in USA in 2014 over one complaint of incorrect packaging of Häagen-Dazs ice-cream), and come clean saying that the safety of Indians takes precedence over everything else.

They kept quiet about the issue for three whole weeks, even though facing a demand from regulators to recall the product. Three weeks later Nestlé’s leadership bowed to the inevitable after facing a social media storm. The company issued a tardy press release on 21 May admitting receiving a recall order, but then offered a denial carrying little conviction.

This defensive response was treated with the disdain it deserved. Responding to public anger, several states ordered tests and started issuing bans on the sale of Maggi noodles.



It would have been best for Nestle India to adopt a cautious posture and state that they would conduct an inquiry into the matter. They could have been proactive and taken off Maggi voluntarily from shelves for some time. This was what Johnson & Johnson did when they had a crisis due to Tylenol poisoning in the US in 1982. It was later found out to be a case of sabotage. But the prompt and proactive action was rewarded by the public and the brand of Johnson & Johnson received a major boost. Now Nestle India has been given government orders in various states to take off Maggi off shelves. This is a major loss of face, not to mention the financial loss.

- **Lack of a trained spokes person who can be a “human face”**

There does not seem to be a human face behind communications of Nestle India. They are dealing with the media through statements to the press. At a time like this, a senior person from Nestle India should have led from the front so that consumers could gain some trust in the management of Nestle India. For any damage control there should be a trained spokesperson, preferably a senior creditable one, to face the media. Maggi's spokespersons were not available to comment on the issue but Maggi ads were being played in prime time on GECs hammered further that the brand cares for nothing. It came across as arrogant and irresponsible rather than being ‘a dear trusted friend’ that brand had personified itself as, in the last three decades.

- **Lack of empathy**

Maggi has an emotional bond with consumers; brand already has a tremendous amount of emotional connect. All communication from Nestle India so far seems to lack empathy for its customers. It seems merely interested in technical repudiation of allegations rather than empathizing with the consumers of its products and reassuring them that the right thing will be done.

The CEO could have put out a two part video. One part where he is having a Maggi meal at home with family and at office with colleagues. The other part where he is talking about the confidence the company has in the product and its safety which would connect emotionally with the consumers.

- **Engage with all forms of media to communicate**

Nestle is treating this as a local problem. But Indians are everywhere. Really big on social media. It would be a rude shock to consumers elsewhere if they discovered that Maggi was being withdrawn in India but continued in their countries.

The company needs to bring out front-page advertisements because the opportunity to enjoy earned media has gone away. These ads should run for a week educating consumers about the action being taken and the goodness of the product. With the kind of market share Maggi enjoyed and the revenues it brought in it would not be a bad idea for the global CEO to fly down and meet the authorities.

It needs to use social media to interact smartly and there are several recent examples of cases where the brand custodians have defended products vigorously on the online medium. None of this is rocket science and it is surprising that Nestle has not taken the basic steps during a crisis. Maggi is a good example of how a brand takes twenty years to build and just two minutes to get destroyed.

There was clearly need of urgent crisis communication. A brand that had been communicating actively did nothing for days to communicate their point of view about the crisis. Maggi officials couldn't really gauge the gravity of the crisis, probably they were confident about their product and thought that news would die down on its own or they were completely clueless what to do as it was first of its kind situation for them. The fact remains Maggi failed to communicate with consumers who had trusted the company and product for such a long time.

In this age of 24x7 television and social media, organizations get slammed by negative publicity. There is a need for the organization to be present on various media and be part of the conversation. While Nestle India has built Maggi as a brand through countless TV commercials, they are yet to put out an infomercial that addresses the current crisis. Their response on social media seems non-existent.

To make it more acceptable to its stakeholders and consumers, the results should be made public through banners and advertisements wherever possible, besides of course the social media. In short it should start talking to consumers and demonstrate that it cares.

Till such tests can be undertaken, it should put up banners and posters in every point of purchase and even billboards about the ingredients it uses and overall product safety. Films and TV ads should highlight the production processes and the steps it takes to ensure product safety and consumer health.

Their social media response was a disaster. Robotic replies, sharing heavy PDF files in the name of responses; Nestle India's social media damage control has been a joke. Just look at the cookie-cutter responses in the photo below, clearly Nestle India was unwilling to establish consumer connect.

The following conversation on twitter shows the monotonous style of communication by Maggi India.



Chart- 1 showing the social media communication on twitter

They **blocked all lines of communication** with consumers. For more than a fortnight, barring a computer-generated statement, there was no word from Nestle. Nearly all beat journalists, wrote and re-wrote to Nestle for a more human, in-depth response, but Nestle was too arrogant for a 2-minute reply.

• **Draft a Crisis Management Plan well in advance**

This is not the first or last time that organizations will stumble in face of a crisis. The key to handing crisis effectively is planning. The language of credibility has a different grammar. Media-- mass and social-- plays the role of conjunction in this dialect. Grabbing eyeballs 24x7 is important. Crisis communications, like all other crisis responses, should be



drafted before hand. It is unclear whether this is really a case of lack of planning or poor execution of a crisis management plan. It would be shocking if a large organization like Nestle India had not planned for this scenario. A more likely possibility is that they may have had the plans but never exercised the plans leading to poor execution.

• **Constant communication as an educative tool**

Each brand has a soul and a distinct character. That's what distinguishes a cult brand (say a Harley Davidson mobike) from an average brand. Constant education about the brand is a standard operating procedure to keep crisis at bay.

Nestle's representatives have been hardly seen either at retail stores or popular vends offering to clear the air. Neither has it come out with any unusual videos or campaigns to educate loyal patrons.

Nestle India could look at roping in a brand ambassador to advocate their products. The ambassador or the celebrity should have high trust value amongst the audiences. Coca-Cola & Cadbury roped in Amir Khan & Amitabh Bachchan respectively during their time of crisis. Maggi has been in the market for years. They can reveal statistics of deaths due to Maggi over the past decade which would be none. Hence using numbers as a positive reinforcement. Make necessary changes to the product & that adhere to the norms. Cooperate with the FDA & redress the issue. Build a campaign around Maggi being a health conscious brand through its latest wheat, oat & raggi noodles.

6. THE ROAD AHEAD

Though recently, the Bombay High Court has ruled, new tests are required to prove that the popular snack does not contain excess lead and lifted the ban for time being, Nestle has been told that over the next six weeks, it must have five samples of its noodles tested by three accredited labs to prove the amount of lead is within permissible limits. If the tests are in Nestlé's favor, it can start selling the noodles again. Nestle obviously cannot ignore the gravity of the situation they are in. Maggi has lost the trust of many customers & rebuilding that trust will be a challenge for Nestle. There is an immense window of opportunity for Maggi's rival brands. One can derive that the crisis will most certainly have an impact on Nestlé's revenue. Maggi's approach to crisis came across as irresponsible quite contrary to its personification of being a dear friend. Lack of communication and 'wait n watch' strategy of Maggi officials proved fatalistic for the brand and its imagery. Consumers felt cheated and it probably would leave the scars for a long time to come.

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