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Role of Social Media in Managing Organization Crisis-A Case Study of Nestle Maggi in India

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Role of Social Media in Managing Organization Crisis-A Case Study of Nestle Maggi in India

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Abstract

The advent of a plethora of social media tools has changed the panorama of crisis management considerably over recent years with possibilities for consumer action now becoming realities. An organization crisis is defined as a significant threat to operations or reputation that can have negative consequences if not handled properly. The way in which companies communicate with its stakeholders during a crisis event is rapidly changing with the 24-hour access provided by the Internet to the company websites, its Facebook pages, Twitter accounts, and YouTube. Public relations practitioners and other communication experts are struggling to design messages and maintain control on the flow of messages within this dynamic landscape, especially during crisis situations. When the crisis erupts, social media is considered to be one of the most effective tools for crisis management. The paper discusses the issues pertaining to social media and crisis management through the case study of Nestle Maggi in India that faced a crisis situation when its noodles were reportedly found to contain lead. explains how Nestle used social media for damage control after the noodles were banned and the company was awaiting the test results on the safety of its noodles, be it reassuring its customers that its noodles were safe to regularly interacting with its customers on the social media and thanking them for their support. The case also reports where Nestle possibly went wrong in managing this crisis situation, providing useful directions to the practitioners for future. The paper also tries to explore crisis management lessons for companies in crisis situations to restore their credibility.

Keywords: crisis management, social media, Nestle Maggi

Introduction

The advent of superfluity of social media has successfully transformed the business communication landscape and crisis management over the recent years. The organizations now reluctantly or willingly recognize this change of communication through social media networks such as Facebook, Twitter, YouTube and Web blogs. Through these, organizations can now successfully propagate, acquire and analyze information more effectively and comprehensively.

With time, social media has become an important part of everybody's life. Due to work pressure or family commitments people meet less. To fill this gap people get in touch with each other with different social media tools such as Facebook, Twitter, YouTube and web blogs. Social media is also considered to be one of the most trusted tools for marketers if they want to keep their consumers updated about their company offerings, as the news spreads like wild fire in the market. As we know, social media is not only used by marketers to spread news about their company'sofferings, but also by the consumers to share feedback about the product. Positive feedback about a company and its products helps in creating goodwill in the market, but a negative feedback through shares and tweets about a company can shatter the image of the company in a few seconds. Reputation is fragile to manage. It takes years to make reputation in the market and few minutes to spoil it. In a crisissituation, companies need to use some lessons about crisis management in order to overcome the situation and bring back its lost reputation. The power of social media is considered to be one of the most effective tools for crisis management.

The paper discusses the issues pertaining to social media and crisis management through the case study of Nestle Maggi in India that faced a crisis situation when its noodles were reportedly found to contain lead. The case explains how Nestle used social media for damage control after the noodles were banned and the company was awaiting the test results on the safety of its noodles. The case also reports where Nestle possibly went wrong in managing this crisis situation, providing useful directions to the practitioners for future. The paper also tries to explore crisis management lessons for companies in crisis situations to restore their credibility.

Defining the Terms 'Social Media' and 'Organisational Crisis'

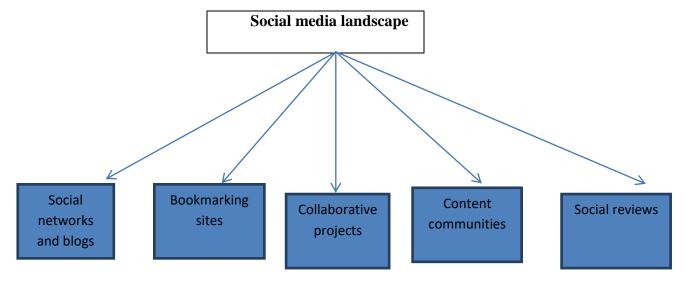
Social media is "an umbrella term that defines new web-enabled applications that are built for user-generated or user-manipulated contents, such as Wikis, blogs, podcasts and social networking sites" (Pew Internet & American Life Project, 2010). It was also found by the study conducted by Pew Internet & American Life Project, 2010, that one-third (31%) of the adults are using online blogs, social networking sites, text messaging and portal digital devices (Smith, 2010a). The new media platforms are less costly or free forums where public are free to express their ideas, information and opinions, they get more

opportunities to communicate and provide new avenues for global outreach in crisis management (Wright & Hinson, 2009).

Social media has now become important aspect of human communication, which possesses five main characteristics of participation, conversation, community, connectedness and openness (Mayfield, 2006). The change in new era of consumer participation allows the private individuals to become the source of information through online opinion sharing's, insights, experiences and perspectives with others. (Marken, 2007).

The main functionssocial media includesplanning for disaster, dissemination of information, collaborative problem solving and decision making, and information gathering. These functions are mapped onto the three main crisis management phases namely, preparedness, response and recovery to describe how a range of social media tools may be used to enhance crisis communications.

The following points discuss the social media landscape.



Social networks and blogs. Social networking sites refer to sites which allow people to build their own personal pages for content sharing and communication with other people (e.g., Facebook). Blogs are online journals or discussion sites used to post content and relevant updates;

- a. **Bookmarking sites**. This refers to websites aimingto help people store, classify, share and search links through the practice of folksonomy techniques (the practice and method of collaboratively creating and managing tags to annotate and categorizecontent) on the internet (e.g., Flickr, Google, Pinterest). The visibility of shared content typically improves, people tag and share content on bookmarking sites;
- b. **Collaborative projects.** Collaborative projects are communal databases created through user generated content (e.g., Wikipedia);
- c. **Content communities.** Content communities are online communities in which share various types of content such as photos, audio and videos (e.g., YouTube, Flickr);

d. **Social reviews.** This refers to websites that allow people to search, rate and share information as well as provide recommendations (e.g., Google Places)., people are able to vote on content based on personal interest, inclinations and perceived relevance, Using social reviews

An organisational crisis is the perception of unpredictable events that threatens the organisation's performances and expectancies of the stakeholders (Coombs, 2007a). Issues that are emerging online are more unpredictable as compared to offline as the world is now connected to social media. This is available to the vast spectrum of public when voicing their opinion and emotions. Some experts also considered that public participation is the new norm in crisis management (Baron, 2010). It is also believed that after crisis social media provides emotional support by enabling them to virtually band together, demand resolution and information sharing (Choi & Lin, 2009; Stephens & Malone, 2009).

Crisis management is one of the most critical organisational functions, which involves thorough planning and dynamic response to the unpredictable situations. The cascading effects of unforeseen crisis can undermine an organizational ability to operate effectively which may result in serious harm to the people, structures, assets and reputation.

History of Noodles and Nestle Maggi

Noodles came from China as early as Han Dynasty (206 BC – 220 AD). In the year 1872, in Switzerland, Julius Michael Johannes Maggi maderevolutionary changes in the food industry by producing noodles out of powdered flour from dried and roasted legumes. The basic purpose behind this was to provide nutritional instant food solution to poor worker families. He introduced Maggi which was first protein-rich legume meal to the market which was followed up with the ready-made soup based legume meal in 1886. In 1897, he founded a company called Maggi GmbH in Singen, a German small town. In 1947, Maggi merged with Nestle (founded by HENRY Nestle in 1886). The first instant noodles were made by Taiwanese-Japanese inventor Momofuku Ando in Japan. It was first marketed on August 25th 1958, under the brand name "Chikin Ramen". Maggi was introduced in India in 1982 by Nestle Global through Nestle India Limited, and it started ruling the market. Nestle India is a subsidiary of Nestle S.A of Switzerland. Nestle relationship with India dates back to 1912.

In 1990 Maggi faced a decline in sales as new entrant Top Ramen, a noodle brand Indo Nissin group entered the Indian market. In 1997, to meet the competition with other noodles brand Maggi decided to change its taste and flavor of ingredients, which unpredictably lowered the sale of Maggi. In 1999, Maggi decided to bring back its original flavor and decided to target the market focusing on the Health of the consumers with the punch line of "Good Food, Good Life" to further promote the health concern toward its customers. In 2006, Maggi introduced Maggi vegetable Atta noodles as healthy option containing

protein supplements, and in further years 2009-10, it added various products targeting different groups of the society and rules the Indian instant noodles market giving a tough competition to its competitors.

Demand for noodles world wide: It shall be interesting to note that as per the latest estimates made by the World Instant Noodle Association, India ranks 5th in the Global Demand for Instant Noodles (Figure 1.1)

Table 1.1. Global Demand of Instant Noodles (2017 Estimates)

| | Country / Region | 2012 | 2013 | 2014 | 2015 | 2016 |
|----|-------------------|--------|--------|--------|--------|--------|
| 1 | China/Hong Kong | 44,000 | 46,220 | 44,400 | 40,430 | 38,520 |
| 2 | Indonesia | 14,750 | 14,900 | 13,430 | 13,200 | 13,010 |
| 3 | Japan | 5,410 | 5,520 | 5,500 | 5,540 | 5,660 |
| 4 | Viet Nam | 5,060 | 5,200 | 5,000 | 4,800 | 4,920 |
| 5 | India | 4,360 | 4,980 | 5,340 | 3,260 | 4,270 |
| 6 | USA | 4,340 | 4,350 | 4,280 | 4,210 | 4,100 |
| 7 | Republic of Korea | 3,520 | 3,630 | 3,590 | 3,650 | 3,830 |
| 8 | Philippines | 3,020 | 3,150 | 3,320 | 3,480 | 3,410 |
| 9 | Thailand | 2,960 | 3,020 | 3,070 | 3,070 | 3,360 |
| 10 | Brazil | 2,310 | 2,370 | 2,370 | 2,370 | 2,300 |

Unit: Million Servings

Estimated by World Instant Noodles Association (WINA), Updated on May 11, 2017

Source: http://instantnoodles.org/en/noodles/market.html

Figure 1.1. Global Demand of Instant Noodles (2017 Estimates) World Consumption of Instant Noodles Consumption by Country (Million Servings) Global Consumption *: 101,420 12,600 China & HK 2,320 ■ Indonesia Million Servings ■ Japan ■ Vietnam Avg. consumption ■ USA 4,340 ■ Republic of Korea ■ Thailand 14.37 ■ Philippines ■ Brazil per person per year 14,100 Consumption Data: World Instant Noodles Association 25 Population Data: Population Reference Bureau *(rounded number)

Source: http://instantnoodles.org/en/noodles/market.html

Cause for the Ban

Many fast foods prevail in the market, but noodles are most popular among them all.Maggi was considered to be most preferred noodle brand in India. But Maggi received a shock when they got the notice from FSSAI (Food Standards and Safety Authority of India), pointing out three major violations by "Nestle". The violations were as under.

- 1. Presence of 'Lead' in the product in excess of the maximum permissible level of 2.5 parts per million (ppm)
- 2. Misleading consumer stating "No added MSG", on the pack (MSG-Monosodium Glutamate).
- 3. Introducing Maggi Oats Masala Noodles in the market without risk assessment and the grant of product approval.

FSSAI said that in Delhi, Tamil Nadu and Gujarat lead test revealed that that the lead levels were higher than the permissible level. In 2012, Nestle had claimed that lead levels were just 0.0153 ppm in the noodles. The tests in 2015 indicated that the lead level is dangerously high (that is 17.2 ppm), against the maximum permissible limit of 2.5 ppm.

Simultaneously, Nestle India which, at that time, occupied 80% of noodle market in India took Maggi off the shelves due to "unfounded concerns and environmental confusion among the consumers". This was a big jerk to Nestle India as almost 80% of the market share of the company comes through noodles, amongst the wide range of products offered by the company. This can also be seen in Figure 1.3.

Figure 1.2. Nestlé's Market Share in India

| NESTLE IN IN NUMBE | | | a diffe | 80 |
|--------------------------|---|-------------------------|-----------|------|
| *3 Interim + f | said* Market o sutes 20% of its annua. insi | Invenue | No. | 1 |
| MAGGES (| OMPETITORS | NESTLE'S MARKET S | Market | |
| Foodles | GSK Consumer | Category | share (%) | Rank |
| Knorr | HUL | Infant Milk (Cereals) | 96 | 1 |
| Sunfeast Yippee | ITC | Noodles | 80.2 | 1 |
| | | Wafers & Whites | 68.5 | 1 |
| Top Ramen Indo Nissin | | Pasta | 65.7 | 1 |
| Maggi Brand Products | | Instant Coffee | 51.8 | 1 |
| Instant noodles | | Tea cream | 49.9 | 1 |
| ➤ Instant pasta | | Infant Milk (Nutrition) | 41 | 2 |
| ➤ Ketchup and sauce | | Ketchup | 26.9 | 1 |
| ➤ Instant masala | | | | _ |
| > Soups | | Overall Chocolate | 18.8 | 2 |

Source: Edelweiss research

Table 1.1 lists the entire series of events that Nestle India faced when faced with the Maggi controversy.

Table 1.2. Series of Events faced by Nestle India during the Controversy

| | · · | ivents faced by Nestle India during the Controversy |
|------------------|--|---|
| Date | Status | Remarks |
| March 2014 | MSG was detected in a sample of Maggi noodles | Authorities in the State of Uttar Pradesh informed Nestle India that MSG was detected in a sample ofMaggi noodles that carried a "No added MSG" claim on the Pack. Nestle India stated that it did not add MSG to Maggi noodles and requested a second sample to be sent to a referral government laboratory in Kolkata. Maggi Feb 2014 batch sample was sent for testing in U.P. |
| April 2014 | Results positive for MSG | Sample positive for MSG. Nestle was notified for misbranding the product. |
| July 2014 | Retest at Kolkata | Nestle refuted the test results. The Maggi sample was sent to Federal Food Laboratory, Kolkata for retesting. |
| January 2015 | Second sample was sent | The second sample was received by the referral laboratory in January 2015. Response of Nestle was that it was analyzed during the period January 2015 to April 2015, significantly after the product's shelf-life. |
| April 2015 | Detection of lead above permissible limit and presence of MSG | The referral government laboratory in Kolkata stated that it had detected lead levels above permissible limits and the presence of MSG in its sample of Maggi noodles. Ensuing tests on Maggi noodles samples - representing 165 million packets - by both Nestle India's own accredited laboratories and independent accredited laboratories showed lead levels to be within the limits set by the Indian food safety authorities. Nestle India stated that although no MSGwas added to Maggi noodles, the product contained glutamate from hydrolyzed groundnut protein, onion powder and wheat flour, which can produce a positive result in a test for MSG. |
| 21st May 2015 | Indian state ordered recall of Maggi noodles | Indian food inspectors ordered Nestle India to recall a batch of Maggi Noodles from the northern Indian state of Uttar Pradesh claiming that tests had found Maggi instant noodles "unsafe and hazardous" and accused Nestle of failing to comply with food safety law. Nestle's response The initial response from Nestle 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 our 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 2015 | Nestle re- assured its customers that its noodles are safe | Nestle continued 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, Nestle stated that extensive testing revealed no excess lead in Maggi noodles. | | |
|-------------------|--|--|--|--|
| 2nd June 2015 | Nestle interacted with customers on social media thanking them for their support | Nestle used Twitter and Facebook to answer customers' questions about the levels of MSG and lead found in their noodles. The company continued to re-assure its customers that the noodles were safe and that they are a transparent company working closely with authorities in India to resolve the issue. Also, Nestle explained the science behind the tests, what lead and MSG are and gave an informative breakdown of the ingredients in their product. Maggi India madeappropriate impressive effort to respond to every tweet from customers on this issue with a pre-prepared statement explaining that lead occurs naturally in soil and water. | | |
| 3rd June 2015 | Nestle launched a FAQ page on the official Nestle website | Nestle continued to engage in an active dialogue with customers on social media channels like Facebook and Twitter. A FAQ page was also created on the official Nestle website to answer all the questions. | | |
| 4th June 2015 | Nestle backtracked and recalled all Maggi noodles from India | After re-assuring customers that its noodles are safe, the brand does a U-turn and decided to recall Maggi noodles produced in India. Nestle CEO, Paul Bulcke,spoke to the media and said that "We are working with authorities to clarify the situation and in the meantime Nestle will be withdrawing Maggi noodles from shelves." | | |
| 5th June 2015 | Nestle India decided to temporarily stop selling Maggi noodles in India | Food Safety and Standards Authority of India (FSSAI) issued an order to Nestle India which included, among others, the following. 1. Recall of all nine variants of Maggi noodles from the market 2. Halt of commercial activities related to the product including sale and production 3. Removal of the "No Added MSG" claim from product packs 4. Withdrawal/Recall of Maggi Oat Noodles as it did not have 'Product Approval'. Nestle India said that it will remove the "No added MSG" claim on the pack—although 'factually correct and not in violation of regulations'. | | |
| 16th June 2015 | Nestledecided to destroy withdrawn noodles | Nestle decided to destroy more than 30,000 tonnes and about \$50 million (£32 million) worth of Maggi Noodles in India after they were deemed unsafe by regulators. | | |
| 3rd July 2015 | Testing on Maggi noodles | After the food safety scare in India, Maggi noodles were tested in other parts of the world to reassure consumers that | | |

| | abroad | they are safe. Results from noodles tested in the UK found |
|-------------------------------------|---|---|
| | revealed that | that levels of lead in the product are within EU levels. Soon |
| | levels of lead | after the UK results were published, Canada also stated that |
| | were within | Maggi noodles were safe. |
| | food safety | |
| | levels | |
| August 2015 | Update | After a difficult summer for Nestle India, the company finally received some positive news after an Indian government approved laboratory found that Maggi noodles do in fact comply with national food safety standards. India's food minister slammed the FSSIA (Food Safety and Standards Authority of India) for creating an environment of fear in the food industry. Meanwhile, Maggi noodles were cleared in many foreign countries in terms of safe consumption. Nestle also received permission from the Bombay High Court to export Indian Maggi noodles. |
| 4 th November 2015 | Samples of the newly manufactured Maggi noodles were found to be safe for consumption | All three NABL (National Accreditation Board for Testing and Calibration Laboratories) accredited laboratories - mandated by the Bombay High Court – found samples of the newly manufactured Maggi noodles to be safe for consumption, with lead content well within permissible limits. |

Use of Social Media for Damage Mitigation

When one of Nestle's top product Maggi noodles was declared unsafe in India, the challenge on Nestlewas to see how they would respond and manage the situation. At first, Nestle rejected all claims and defended its product claiming that its noodles were unsafe, and they followed this on all digital channels.

Nestlemade it sure to focus on social media, Facebook and Twitter accounts (main Nestle account, Nestle India, Maggi India) to reassure its customers that its product was safe. Nestle made sure to respond directly to all comments on social media. Nestlealso created a section on their main website to keep the customers updated.

With time, as the pressure grew on the company, Nestle's CEO said in a press conference that all Maggi noodles in India would be taken off from shelves in order to comply with regulators.

Nestle used social media to explain to customers why this decision was taken. It was natural that the consumers would have a lot of queries. Nestle made sure to answer their queries through social media. Nestle also explained the reason behind the ban to make its consumers understand the science. It was a difficult decision for the company to take off its product, which was ruling 80% of the country's instant noodles market. However, the company made an intelligent move to use social media to reassure and inform its customers about the latest updates and to maintain the trust in the company. Figure 1.3 shows

the company's use and the responses generated by the customers during the controversy. A total of 4.43 l conversations were seen on social media with 61% negative sentiment. Twitter contributed the maximum number of conversations, amounting to 4.37 lakh conversations.

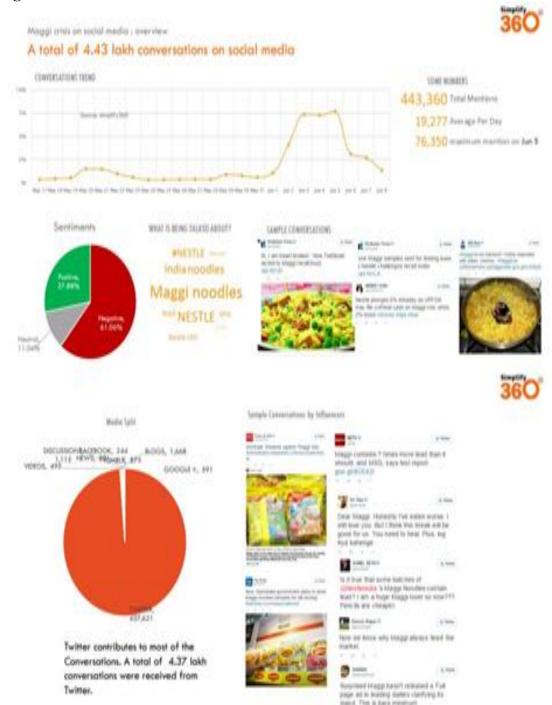


Figure 1.3. Conversations on Social Media

Source: http://lighthouseinsights.in/maggi-controversy-social-media.html/

Nestle also stated that it had recalled 30,000 tonnes of Maggi noodles, making it the country's largest food product recall. The smart move of the recall was that Nestle wasdestroying the packets in cement factories to convert the waste into energy, a relatively environmentally friendly way of destroying the unwanted stocks.

The Maggi crisis was much about the perceived quality of the product. It was important to understand how their communication was handled in media, especially the social media. It was vital to reach out the customers and to reassure them. Nestle managed to handle social media effectively by staying continuously in touch with its customers and ensuring to answer their queries.

Surviving Crisis

After all what had happened, it was really a tough job for Nestle Maggi to win its customer back. Maggi noodles did some good exercise when they were targeting Indian market after the crisis. They made it sure to come back with the majority of customers and also cleared all allegations and charges against them. Today Maggi holds more than 55% share of the market. It has actively followed some strategies to rebuild the brand and to win its customer back. Following are the keys strategies through which Maggi ensured to survive the crisis.

- 1. Emotional and nostalgic memories: Messages beginning from #we miss u too, #Welcome Back Maggi, to an emotional message #Nothing like Maggi. Maggi successfully won its space back in everyone's life. The product itself gained its confidence back when the company was constantly making it sure to be in touch with its customers during crisis. The product touched the emotional side of the masses, when it said #Maggi is irreplaceable as emotions are irreplaceable.
- **2. Branding through storytelling:** Maggi involved all possible people be it a bachelor, a mother, a poor labor, or young boys and girls in hostel, in their storytelling. Everyone had a different story to tell. Maggi rolled out films in each phase of its crisis. It ensured to address all consumer segments from a traveller to Indian mother in its storytelling campaign.
- **3. No Brand Ambassador in recovery period:**Celebrities are usually used to promote a new product. Celebrities are the source of credibility and trust. Nestle knew that use of celebrity may help in reestablishing the brand and trust, but they found it to be a costly affair. The contract with Amitabh Bacchan and Madhuri Dixit had elapsed. Maggi was already an established brand, so they thought to touch the heart of consumers through them only.
- **4. Mothers as Brand endorsers:** The most trusted person in the society and in a household is the mother. Nestle targeted this section as a

mother can provide a seal and a proof of any product healthy, as she is more concerned about her family's health.

- 5. Joining hands with Snapdeal (web store) for exclusive sale: It was Diwali (a religious festival of Hindu) time, when Maggi was scheduled to come back. Delivering Maggi to every consumer with short span of time was a difficult task in this digital world. So Nestle decided to partner with Snapdeal so that Maggi could be delivered to everynook and corner of the country. Also, the idea was to deliver Maggi to the door step of the consumer with a small message to connect with the consumer. The company could note down the excitement and curiosity of the consumer when Maggi was pre-booked before launching it back in the Indian market.
- **6. The traditional approach:** Before Diwali, Nestle was successful by creating a desire in everyone to get the packet of the consumer favorite noodles, by placing posters or displays on several grocery stores and departmental stores on their gate saying "Maggi is back".

Mistakes that Nestle Made

In this entire process of the controversy, damage mitigation and relaunching the noodles again in the Indian market, Nestle India made a few mistakes.

- 1. Nestle underestimated the size of the problem. They simply ignored the issue for the first three weeks, even though its flagship brand was involved. The company issued the first press release on 21 May, 2015 admitting that it had received a recall order.
- 2. Nestle issued an impersonal and unattributed company statement, instead of using the company CEO as the spokesperson. The company CEO came into the picture only when the issue had already become too serious. Also, after a meeting with the national food safety regulators, Nestleannounced it was withdrawing Maggi noodles from stores "despite the product being safe".
- 3. The third mistake was to take a confrontational and defiant approach with a strategy to discredit Indian regulators instead of a constructive engagement.
- 4. The final mistake was to underestimate the power of social media in India. Figure 1.3clearly shows that the most common queries received by the company during the controversy period related to the lab tests and Ingredients used in Maggi. Also 28% of the consumers wanted assurance on the quality of noodles. Though the company did its best to convince the consumers on the quality of noodles, 61% of the negative sentiment on the social media was definitely not good for the company and the brand (from figure 1.3).

Most common type of query maggi, what is the Assurance 28% truth about you.? Lab test 24% Instead of trying to convince Maggi fans of its goodness, the company should convince the Government that Maggi is free from any harmful Ingredient 16% effects as found out in Govt s lab. Reimbursement I knew that maggi masala was made by dry pork and fish what your answer dude??? Lead content Apologise Quality Misleading

Figure 1.4. Most Common Types of Queries During the Controversy Period

Source: http://lighthouseinsights.in/maggi-controversy-social-media.html/

What Nestle should have done?

MSG content

When the first recall (March, 2014) was issued to the company, it should have immediately recognized the risk. The CEO should have faced the media from day one to explain the company position and what it was doing to address the concerns. An independent and credible multi-stakeholders committee should have been promptly formed by the company, to speedily investigate the matter with daily updates to media. The company should have engaged with the regulators instead of publicly making arrogant statements questioning their test methodologies and insisting their own tests were the right ones.

The Latest Scenario

1. The Marketing Strategy

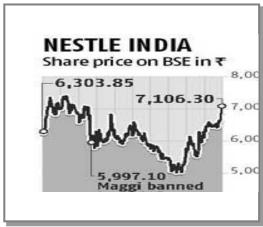
The change in the Indian consumers' preferences from pleasure and health dimension to health indulgence is recently noted. Products addressing issues related to micronutrients deficiency, cardiovascular health, diabetes etc. provide a big platform to the company. Maggi re-launch strategy was different. They focused on online sales and decided to re-launch the noodles on Snapdeal. The strategy behind this was to reach out to more number of consumers in this digital world. They successfully wanted to reach more consumers beyond the towns, across the smaller towns and semi-rural area at

almost no cost.It also partnered with other top Indian e-commerce platforms like Amazon and Big Basket among others. It also introduced online-only products in the health and nutrition category.

Nestle India has always been a low spender on advertisements. Its spending on advertising and sales promotions was 4.2-4.8% of its total income between 2010 and 2014, according to its annual reports. In 2015, the company spent 6.42% of its total sales, on advertising and promotions. Thus, the promotional expenditure was increased considerably. However, the amount spent on advertising and promotion is still lower than what its rivals spend. Hindustan Unilever Ltd (HUL) the country's largest packaged goods company, spent about 11.8% of revenue on advertising and sales promotions in the year ended 31 March 2016, Britannia Industries Ltd, was relatively low spender, spending7.5% of revenue in advertising and sales promotions on advertising and promotion in fiscal year 2016

2. Impact on Share Prices

A little before the ban, the shares were trading at Rs 6,800 to Rs 7,500. They fell steeply to below Rs 6,000 in the aftermath of the ban, sliding below Rs 5,000 in February 2016. However, in the past trading days, the stock was in excess of Rs 7,000 on the BSE, for the first time in a year 2017. It touched a 52-week high of Rs 7,155, in anticipation of good financial performance in the June quarter. Between its June and December 2016 financial results, the company's share of the instant noodles category has risen by three percentage points to 60%.



Source:http://www.business-standard.com/article/companies/nestle-stock-at-pre-maggi-ban-level-hits-year-s-high-116072501087_1.html

Lessons to be learnt in Risk and Crisis Communication

There is a broad overview given by the experts and leaders to analyze and assess the crisis situation of the organization. Several researchershave developed a set of standards and guidelines to improve quality and efficiency from past experiences, to determine the way to apply practical knowledge and

learning to foster the improvements (Veil & Sellnow, 2008). The paper by Veil and Sellnow (2008) includes the set of best practices done during risk and crisis communications by the researchers of National Center for Food Protection and Defense (NCFPD), a US Department of Homeland Security Center of Excellence. The best practices have been successfully explained, expanded and tested in numerous other publications also including Sellnow, Ulmer, Seeger, & Littlefield (2009), Sellnow & Vidoloff (2009), Veil & Ojeda (2010), Veil & Sellnow (2008), Venette (2007). The guidelines include:

- 1. **To establish the risk and crisis management policies and procedures:** This involves pre-planning of crisis management. It ensures a proper communication in the decision about risk and crisis both after they have occurred as well as during the planning itself
- 2. **To plan pre-event logistics**: It is considered to be the best practice to do planning for crisis management and analyzing risks with regular updates and revisions. This process practice involves identification of needed resources, recognizing the potential hazards, streamlining of communication process both internally and externally, and having a plan in place.
- 3. **To be the partner with the public:** It is the right of the public to know about the risk they face during crisis. Communicators should make it sure that they are transparent to the public and timely and accurate information should be shared with the public. During crisis there is a need of information among the public. So that they can easily have the access of uncertainty
- 4. Understanding the audience and their concerns: It is imperative for the organisation to listen to the public and understand them. This will make the task easier to handle, as they can easily take public into confidence. One more benefit the organization can experience with communicating with the public is to extinguish rumors early, only if it has well established credibility, believability and trust in its relationship with its customers before the crisis.
- **5.** Honest communication and desired openness: If an organization shares information openly and honestly before and during the crisis, it will surely minimize the vital threats as the public will not look for other sources for the correct information. It is very important for an organization to maintain trust, and be the source of trustworthy information.
- **6.** Coordination and collaboration with the credible sources: In addition to maintaining the cordial relationship with the public, it is also important for the company to develop and maintain strong relationship with credible sources before crisis. Credible sources should be reached for gathering and disseminating the accurate information.
- 7. **Meeting the need of media and remain accessible**: The media keeps the public updated about the accurate information of the crisis occurred.

So the organization should make it sure to remain accessible to the media.

- 8. **The organisation must communication with empathy, concern and compassion**: A true sense of legitimacy should be formed by the spokesperson, like a CEO, when dealing with crisis. Humans respond well with a human.
- 9. Acceptance of ambiguity and uncertainty: It will not be worthy if the stakeholders wait for the information to be confirmed and communicated to the public. It may put them in the susceptible stage and also communicating the information before reassurance may put the trust and credibility of the stakeholder on risk. Many a time's risk and crisis communicators often feel compelled when speaking to the authority to build credibility and reassurance to the public (Venette, 2007).
- 10. **Providing self-efficacy messages:** The final best practice which allows stakeholders to gain sense of control and trust when the organization demonstrates meaningful actions that promotes self-efficacy.

Conclusion

The Maggi controversy has taught many organisations a lesson which one should remember while facing a crisis situation. Nestle Maggi was one of the most trusted brands in India. However, once the trust is broken, it is very difficult to regain it. The analysis of Maggi case study indicates the downfall of the brand, due the negative lab reports indicating presence of MSG and lead beyond the permissible limits, leading to ban of the product in the Indian market and further, when the ban was lifted on Maggi, how it managed to bag the record sales, justifies the reincarnation of the brand. Although this ban offered an excellent opportunity to its rivals to occupy larger market share, Maggi through it crisis management effectively re-entered the market and grasped its lost place. Maggi, in India, is still recovering from the crisis, but has now been able to cover close to 60% of noodle market in just one and half year due to excellent crisis management.

Every company should make the attempt to learn from the crisis situation faced by Nestle Maggi, how it tackled the situation, what mistakes did it make in the process and how effectively it used the social media to mitigate the damage. Maggi made it sure to stay in touch with its customers and successfully maintained the trust in the product. Social media has become one of the most important and fastest ways to communicate any message. Maggi successfully used this tool to maintain its reputation in the market, despite many negative remarks. It was probably Nestle Maggi's use of social media to be in continuous touch with its customers, reassuring them about the quality of noodles, answering their queries on the ingredients used, using the customers in their storytelling at the time of re-launch after the ban and a tie up with e-commerce giants like Snapdeal, Amazon and Big Basket to ensure that they reach every nook and corner of the Indian Market, that it was able to grasp its

market share after the ban on the noodles was lifted. However, there is still some time till it gains the market share it had before the controversy started. However, by being in constant touch with its consumers and trying to win their confidence through social media, at the same time maintain highest degree of product quality and ensuring healthy consumption, it should not be a difficult task.

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