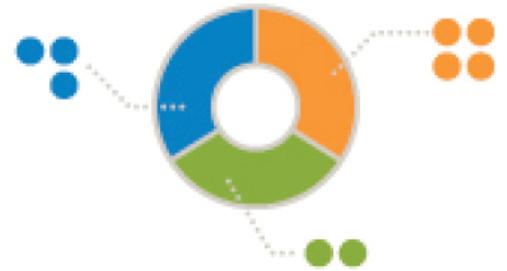


# Is Your Brand Bulletproof?





# Is Your Brand Bulletproof?

By Karl D. Speak

Originally published by Prepared Foods, June 1999

*“Corporations don’t often look at it through this prism, but your brand is your company,”* declares Karl Speak, CEO of Brand Tool Box, Ltd., a Minneapolis-based consulting firm specializing in brand management strategies. “A brand identity instantly triggers a perception, which fosters a trust with consumers...and that permeates throughout the entire company.”

In times of prosperity, brands can do no wrong in the minds of loyal followers. So what happens when a brand, and by extension the company, finds itself in the throes of a crisis?

It’s a question that begs an answer in light of the inordinate number of food safety incidents that have occurred over the past few years. Corporations like Odwalla Inc. (Oct. 1996), Interstate Bakeries (Jan. 1998), Hudson Foods (Aug. 1997), Malt-O-Meal (June 1998) and Cloverleaf Cheese (June 1998) all were sapped of brand strength following food safety calamities.

Last December, Sara Lee, one of the most respected brands in the U.S., recalled at least 15 million lbs. of product affecting such brands as Ball Park Franks and Mr. Turkey refrigerated meats. The product, manufactured at Sara Lee’s Bil Mar plant in Zeeland, Mich., had been tainted with the deadly *listeria monocytogenes* bacteria.

The outbreak was linked to 15 deaths, six miscarriages and about 100 illnesses nationwide, according to the federal Centers for Disease Control and Prevention. Oddly, the same month another company that also manufactures packaged meats, Thorn Apple Valley,



Karl D. Speak  
Principal of Brand Tool Box, Ltd.



recalled about 30 million pounds of product and was forced to shut down its Arkansas plant, on orders from the USDA, for violating federal sanitation regulations. In April, TAV filed for Chapter 11 bankruptcy protection and has since launched a corporate restructuring program.

According to brand management experts like Speak, strong trademarks that toil hard to communicate a brand perception and build trust with consumers are better equipped to withstand such crises. “Brands that have ethos and depth come through these things quicker. Their values are communicated during the ordeal and consumers see this,” notes Speak, who has counseled such food processors as Pillsbury and Cargill.

Although Sara Lee still has work to do before all the damage is repaired, a combination of brand resilience and post-crisis vigilance has minimized the impact. Steps taken included:

- Unilaterally removing meats from supermarkets and shutting down production at an estimated cost of \$76 million;
- Vowing to spend \$100 million over the next several years to implement new processing, cleaning and testing procedures that exceed current industry practices at its Bil Mar processing plant;
- Establishing a \$1 million food safety research fund at the Center for Food and Nutrition Policy at Georgetown University in Washington, D.C.

Then, in what was considered an unprecedented move by a food company, Sara Lee created a new position: vice president of food safety. At most food firms, this responsibility falls within the aegis of a quality assurance department. In April, the company hired Ann Marie McNamara, who served as director of the microbiology division of USDA’s Office of

Public Health and Science in the Food Safety and Inspection Service.

Ironically, McNamara was instrumental in crafting the guidelines for the Hazard Analysis and Critical Control Point (HACCP) regulations for meat safety and inspection—guidelines Sara Lee failed to meet at Bil Mar.

### Loss Assessment

In sizing up total loss incurred following a food safety incident, experts say how much you do to put out a fire is not commensurate with how quickly you bounce back...or are forgiven.

Sara Lee’s execution was aggressive and thorough. However, that didn’t stop short-term losses from mounting: two class-action lawsuits were filed and an unspecified loss of meat sales resulted. According to Speak, a faction of loyal Sara Lee consumers may ask themselves for some time: “Will I ever eat Bil Mar meat again? Will I ever eat Ball Park franks again?”

In fact, a “guilt by association” syndrome usually accompanies a food safety incident whereby all brands in an affected category suffer consequences, says Speak. According to figures from Information Resources Inc. (IRI), supermarket sales for the entire packaged frankfurter and sliced lunchmeat segments dropped each four-week period this year from like period 1998. Dwindling stock performance is another residual effect.

Berry Summerour, an analyst with Stephens Inc., Little Rock, Ark., who tracks such beef and poultry processors as Tyson and IBP, says the strength of a brand over time could have a bearing on how much the share price will tumble.

Thorn Apple Valley’s brand strength in the public view is probably in the middle of the pack. Its stock price, meanwhile, fell 18% on news of its recall.



## Build From Ground Floor

While brand strength is not yet measured on corporate balance sheets, it can be the difference between success and potential failure. The stakes are only getting higher. Looking ahead to tomorrow's marketplace, Speak declares that it will become more incumbent on packaged goods companies to adopt strong brand management techniques.

Speak states that Generation Y and Gen X consumers have already exhibited a tendency to eschew buying products "based on blind faith." The key for food companies with young consumers will be to get in on the ground floor, establish trust and communicate solid values. This way if a disaster occurs, this breed of consumer might cut them some slack.

However, the operative word is "might." "With younger consumers, you have to prove your worth each and every time out. If you don't, then the jig is up," emphasizes Speak.

## Putting a Premium on Brand Equity

A balanced diet of brand management and brand protection may be the ticket to more fully insulating a corporation and its brands following a food safety incident.

New insurance programs have become available that allow food companies to go an extra mile in removing product from store shelves. Consequently, brand equity may be salvaged quicker.

Since its launch in 1997, an innovative brand protection insurance policy called Total Recall Plus has helped companies change the way they manage crises in an age of tighter government regulation and heightened public awareness.

Offered by Insurance Brokers Service Inc. (IBS), Chicago, Total Recall Plus provides up to \$25 million in protection from the unexpected costs of recall management and gross profit loss, says IBS President Bob Greenebaum.

CNA Commercial Insurance, a Chicago-based business unit of CNA, introduced last October a new program designed to help food processors eliminate the guesswork in food recalls.

The FOOD Program, introduced by the insurance provider, allows food companies to take preventative action by getting products off the shelves quickly if there is any question of food safety, says Deborah Rudman, VP of CNA Commercial Insurance. "This allows food companies to recall products at the first sign of trouble," says Rudman.

The FOOD Program's product recall expense coverage provides up to \$1 million for expenses caused by the removal of products that could cause bodily injury or property damage, and even covers any communication costs to make Internet announcements.



[www.brandtoolbox.com](http://www.brandtoolbox.com)

This article may be printed for personal use only.  
If you would like reprints, please contact  
Brand Tool Box, Ltd.  
510 First Avenue North, Suite 605  
Minneapolis, MN 55403  
612.338.5009

© 2009 Brand Tool Box, Ltd. .