

## **Crisis management and Organic Foods Industry. How to keep consumer confidence in times of negative media coverage.**

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### **Author's Background**

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### **Summary**

*Consumer confidence is a very important basis for further development of the organic food sector worldwide. But consumer confidence can be destroyed through (organic) food crisis or scandals. That is why it is very important to be prepared as an individual company and as the sector as a whole. Crisis management is commonly divided into three phases: Prevention & preparation, the actual crisis and recovery. Crisis management includes for example a crisis plan and issue management and can minimize the reputational and financial damage. During a crisis communication to stakeholders is a core task but crisis management is not limited to crisis communication.*

### **Background**

Sales of Organic Foods have increased basically annually over the last decades. This rapid growth may be traced to increased consumer confidence in organic foods as well as to concerns about possible health risks and environmental impacts of conventional food production methods. But consumer confidence can also be lost in case of organic food crisis like contamination with harmful substances, fraud or public questioning of the benefits of organic agriculture and food like the Stanford Study in September 2012. Loss of consumer confidence can result in loss of market shares. Therefore it is crucial for organic companies and associations to protect consumers and regain their trust after an organic food crisis.

### **Main chapter**

Three elements are common to a crisis: a threat to the organization (or a whole sector), the element of surprise, and a short decision time. Crisis may occur in any business, but the food sector is especially vulnerable: foodborne illness, contamination, adulterated food... For organic food there is the additional risk that the rules of organic farming or processing have not been complied with or that the benefits of organic produce are questioned.

BNN has been active in crisis management for the organic food sector in Germany for years. BNN crisis management focuses on crisis which affect the whole sector and is laid down in a crisis plan which is based on three phases (see below). We understand these phases as part of a cycle which means that the lessons learned will lead to improvement in prevention and crisis management in general. During crisis involving the organic food sector as a whole it is important that the common interest of the sector is organized centrally in order to avoid double or triple work and contradictions.

Prevention and preparation are the most important points for active crisis management because these measures can be set up in routine times. As a crisis is characterized by lack of time it will be too late to define responsibilities, build a network of experts, check if your contact details of members, journalists or other stakeholders are up-to-date, etc.

Below it is explained further what has to be done during the three phases of a crisis and crisis management. The focus is on BNN's experiences as a sector organisation active in crisis management.

#### Prevention and Preparation (Phase I):

[Companies/BNN members: Employing a good food (and organic) safety system e.g. HACCP, product identification and traceability. Companies should proactively plan for a problem, e.g. prepare recall plan, crisis plan. Answer the question: What are the risk factors and weaknesses in my quality management? What can be done to improve?].

BNN/sector organizations:

- Staying current on risk factors through a network of experts/scientists and contact to the food safety authorities.
- Monitoring public discussion through systematic media observation.
- Arrange for cooperation and good information flow along the value added chain and to other sector organizations so that there is an overall picture of what is happening and that all businesses involved have the information they need in order to react, do their best to improve the situation and can themselves inform their customers.
- BNN provides for up-to-date contact details of organic retailers and media.
- BNN has a crisis phone number and a database with contact details of all crisis handlers in the member companies so that that members and BNN can get in contact in the evening or on weekends.

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### During a crisis (Phase II):

A crisis is usually a very vivid stage and characterized by a lack of information. Crisis management group is set up. The goal of crisis containment and damage control is to limit the reputational, financial, safety, and other threats. Communication to media and stakeholders (especially members and organic retailers) has to be as fast as possible so that they are capable to answer the questions consumers have. The choice of the strategy depends on the individual crisis. BNN is in charge (depending on the topic in cooperation with other sector organizations) to adopt a uniform language for replying any enquiries in order to avoid contradictions.

Crisis communication is an important aspect especially when the crisis occurs but there are much more elements of successful crisis management (see above). It is important to be able to consider another person's or group's (stakeholder's) point of view, because the internal and external perspective can be very different. The emotions of the costumers have to be taken very seriously (e.g. Apologize for mistakes!). Communication has to be as open as possible in order to (re)gain public confidence. Nothing is worse than suppress information that is later on published by someone else.

### Recovery (Phase III):

During the recovery the risk exposure has to be reassessing. Probably a risk was underestimated before or not taken into consideration at all. The organisation has to answer the question how prevention and preparation have to be improved and implement in the next step concrete measures to achieve this goal. Finally there is the communicative part of telling the story of the lessons learned to the stakeholders.

We want to share our know-how using examples from our work (e.g. quaternary ammonium compounds in organic plant strengtheners in 2012, hen density scandal in 2013). Worldwide markets lead to the fact that an unsolved problem in one region of the world can lead to a crisis in other regions. Moreover the same challenges can occur in very different countries. Therefore we would like to exchange experience with other sector associations and companies, especially from other countries. We would like to find out if there are possibilities of cooperation and information exchange.

### **Core messages and conclusions**

Be prepared! Stay in touch with your stakeholders! An organic food crisis can occur in every company and every country. Good crisis management can prevent or at least minimise economic and reputational losses. Whenever you receive information that might lead to an organic crisis, consider who else in the organic world might need the information you have in order to solve the problem and/or take preventive measures. Crisis management international cooperation can help that bridges to consumers will not be destroyed or can at least be rebuilt more quickly.