Reputational Interdependence and Public Relations Strategies in a Spillover Crisis

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In 2008, Barnett and Hoffman edited a special issue of Corporate Reputation Review on reputational interdependence. They opened the issue with a succinct summary of the phenomena: “The company you keep affects the company you keep” (p. 1). That is, the reputations and actions of other organizations affect the reputation and legitimacy of an organization in the same or a similar industry. The special issue demonstrated the importance of reputational interdependence as an area of inquiry and documented several challenges, and some benefits, of reputational spillover in a variety of industries. Barnett and Hoffman (2008) suggested the means of managing reputational interdependence at the time could be generalized as fitting within three broad themes: (1) Keeping up with the Jones’s, whereby organizations operate in an arms race of social performance to attain a more positive reputation compared to their competitors; (2) Teaming up with the Jones’s, whereby organizations join together in trade organizations to set standards and improve the collective reputation of an industry; and (3) Fencing out the Jones’s, whereby organizations, either independently or as part of an exclusive industry subgroup, attempt to set themselves apart from other organizations in the industry that cannot compete at this new higher level. Barnett and Hoffman (2008) also suggested more research was needed.

One area of future research they highlighted was the extent to which negative and positive spillovers differ and whether outcomes can be actively managed. They stated that the mechanisms that lead to one outcome or another were still unclear. This study answers Barnett and Hoffman’s (2008) call for research by bridging the literature on reputational interdependence with crisis response strategies to examine a distinct exigency – what we are calling a spillover crisis. For an event to be classified as a spillover crisis it must meet two criteria. First, it must fall within the parameters of Coombs’ (2011) widely accepted definition of crisis, “the perception of an unpredictable event that threatens important expectancies of stakeholders and can seriously impact an organization’s performance and generate negative outcomes” (p. 2). Second, the potential consequences faced by the organization must have resulted from events occurring within a related but external organization. Stated simply, spillover crises occur when events in an external organization create concern, uncertainty, or perceptions of harm for another organization. Like Coombs’ definition of crises, we suggest spillover crises exist initially as a threat to stakeholder expectancies and organizational performance. However, if spillover crises are handled effectively, organizations can not only limit negative outcomes but also generate positive outcomes when presented as a better alternative to stakeholders than the organization responsible for the original crisis.

To examine the distinct exigency of a spillover crisis, we turn to the 2009 peanut product Salmonella outbreak caused by Peanut Corporation of America (PCA). The PCA crisis resulted in at least 714 illnesses and contributed to nine deaths (Wittenberger & Dohlman, 2010). While jarred peanut butters sold in grocery stores were not part of the over 3,900 peanut products recalled by more than 200 companies that purchased peanut ingredients from PCA, jarred peanut butter sales still plummeted following the recall (Wittenberger & Dohlman, 2010). However, some companies faired better than others. This study examines the communication strategies of the top three jarred peanut butter brands in the midst of the 2009 peanut product recall to explain why some brands were able to actively manage the spillover crisis better than others.

We proceed by first outlining the literature on organizational legitimacy, reputational interdependence, and crisis response strategies. Then, we examine the 2009 peanut product recall and the communication strategies used by the top three jarred peanut butter brands during the recall. In the analysis, we identify and discuss the strategies used and their ability to limit negative outcomes in the midst of the spillover crisis. Finally, we offer implications for practice and future research on spillover crises.

Literature Review

Organizational Legitimacy

Organizational legitimacy is defined as “an organization’s right to exist and conduct operations” (Metzler, 2001, p. 322), bestowed by stakeholders who perceive the organization to be in line with socially and politically appropriate practices (Finet, 1993). Although organizations receive autonomous benefits from being perceived as legitimate, organizational legitimacy is attained through a largely social process. Thus, legitimacy is “possessed objectively, yet created subjectively" (Suchman, 1995, p. 574). Organizational legitimacy is threatened during crisis when an organization's action or inaction is viewed as contrary to the expected social norms for that organization or similar organizations (Massey, 2001). Sturges (1994) contends that not only will violations of organizational legitimacy threaten stakeholder perceptions during crisis; those negative perceptions can endure past the crisis and threaten the long-term legitimacy of an organization.

Suchman (1995) proposed a strategic approach to legitimacy whereby organizations "instrumentally manipulate and deploy evocative symbols in order to garner societal support" (p. 572). Boyd (2000) extended this work to provide an argument for what he terms actional legitimacy whereby legitimacy exists in the specific strategic actions of an organization. He sees legitimacy as "the foundation of all effective communication with publics—without it, any organizational messages or actions will be looked upon with skepticism" (p. 157). Actional legitimacy is not bestowed upon an organization through a social process but is, instead, a demonstration of responsiveness that actively seeks to (re)build legitimacy. Actional legitimacy uses strategic communication to "reduce the gap between public expectations and public perceptions" (Veil, Sellnow, & Petrun, 2012, p. 326). Issue and crisis management activities could constitute actional legitimacy if the actions are visible or communicated to stakeholders.

Legitimacy is not the same as reputation nor is actional legitimacy the same as reputation management. Definitions of reputation largely rest on relative comparisons among organizations on various attributes, and legitimacy is found in social acceptance resulting from adherence to regulative, normative, or cognitive norms that qualify one to exist (Deephouse & Carter, 2005). Suffering from an imperfect reputation is less dire than suffering from an organizational legitimacy crisis because, according to Sellnow, Veil, and Anthony (2013), being less well regarded than other organizations does not necessarily threaten continued existence. Organizations with poor reputations can still be successful if there are other benefits such as price or convenience. Therefore, communication strategies are often employed both to salvage legitimacy and rebuild reputation post crisis.

Reputational Interdependence

Frombrun (1996) described corporate reputation as the overall assessment of an organization relative to its peers by its stakeholders over time. This evaluation can be based on stakeholders' direct experience with an organization or any communication that provides information about the organization (Gotsi & Wilson, 2001). King, Lenox, and Barnett (2002) theorized that the organizations in an industry share a sort of "reputation commons" in that the reputation of one organization is positively related to that of its rival and may be harmed by the acts of a rival. In effect, one organization's crisis can soil the reputation of an entire industry.

Winn, MacDonald, and Zeitsma (2008) define industry reputation as "the collective judgments of an industry by stakeholders and the general public, where that judgment is based on assessments of the economic, social and environmental impacts attributed to that industry over time" (p. 36). They suggest that the reputation of an industry can be affected by actions and events caused by other industry members or outsiders. For example, when an organization is in crisis, similar organizations in the same industry can suffer from negative reputational spillover effects due to brand confusion and industry distrust.

When organizations in an industry are faced with a spillover crisis they must decide whether to join together to protect the industry or to communicate individually to enhance competitive advantages. Winn et al. (2008) refer to collective reputation management as "all activities and behavior undertaken by members of a collective to deliberately alter judgments about the reputation of the collective" (p. 37). Conversely, they define competitive reputation management as "activities undertaken by a single firm to enhance its own reputation and competitive position vis- à-vis other members of the industry" (p. 37). When all organizations are "tarred with the same brush," prompting a legitimacy challenge for the industry as a whole, Barnett (2007) suggests the incentives to engage in collective reputation management activities outweigh both the costs to and incentives for individual organizations to compete for reputation.

Trade associations are likely to be the 'first,' but not necessarily the 'primary' means for an industry to repair its reputation and legitimacy in a spillover crisis (Barnette, 2006). In addition, collective action is more likely to occur when supported by industry leaders that are in a position to influence other organizations (Hoffman & Ocasio, 2001). And, while trade associations can be "critical to recovery from crises that face entire industries" (Barnett, 2006, p. 1756), the associations can also become counterproductive – leading to losses of legitimacy through their actions or because their self-promotion efforts are seen as delegitimating (Suchman, 1995).

Abrahamson and Hegeman (1994) suggest that while strategic conformity reduces corporate risk, it can also decrease opportunities.

Winn et al. (2008), found that in the face of persistent challenges, collective strategies start to fail and organizations begin to diverge in their views of the situation. At this time competitive strategies resurface and organizations utilize their differential strategic capabilities and learning capacities. Winn et al. (2008) suggest "It is at this point that the opportunity-reducing effect of the collective strategy becomes burdensome" (p. 51) and organizations begin to "experiment and innovate to repair industry and firm legitimacy" (p. 52).

The necessity of organizational legitimacy and the simultaneous likelihood of a decline in reputation during crisis have driven much of the work on appropriate crisis response strategies. Coombs' (2007) Situational Crisis Communication Theory (SCCT), which suggests crisis response strategies based on attribution of responsibility, is particularly relevant to this study. SCCT was derived from attribution theory, the assumption that people want to know and understand why an event happened (Weiner, 1985). Brown and White (2011) suggested that "psychologically, people want to place responsibility for events on someone or something because it helps them make sense of the situation" (p. 77). According to SCCT, individuals attribute crisis responsibility or blame to organizations based on initial crisis responsibility, prior relational reputation, and the organization's crisis history (Coombs, 2007).

Crisis Response Strategies

Crisis response strategies have three objectives relative to protecting reputations: (1) shape attributions of the crisis, (2) change perceptions of the organization in crisis and (3) reduce the negative affect generated by the crisis (Coombs, 1995). In what is arguably the most advanced work on crisis response to date, Coombs (2007; 2011) and Holladay (1996; 2001; 2002) offer SCCT as an encompassing strategic response guide. SCCT defines three crisis types and corresponding response strategies and has spurned an intense refocus on crisis communication research (see Choi & Lin, 2009; Kim & Liu, 2012; Schwarz, 2008; Sisco, 2012). What is most relevant to the present study, however, is one of the premises central to SCCT's development. SCCT hinges on assessing the level of responsibility an organization had in creating a crisis and then selecting a crisis response that is commiserate with the level of causal responsibility (see Coombs & Holladay, 2002).

SCCT research has identified three crisis clusters based upon attributions of crisis responsibility: (1) the victim cluster has very weak attributions of crisis responsibility (natural disasters, workplace violence, product tampering and rumor) and the organization is viewed as a victim of the event; (2) the accidental cluster has minimal attributions of crisis responsibility (technical-error accident, technical-error product harm and challenge) and the event is considered unintentional or uncontrollable by the organization and (3) the intentional cluster has very strong attributions of crisis responsibility (human-error accident, human-error product harm and organizational misdeed) and the event is considered purposeful (Coombs & Holladay, 2002). Crisis responsibility is intensified if an organization has poor relational history with stakeholders or has experienced similar crises in the past.

The crisis response postures advanced by SCCT (deny, diminish, rebuild) are aligned with the responsibility clusters in a range from least accommodating to most accommodating based on the level of responsibility attributed (more responsibility = more stakeholder accommodation). Bolstering strategies can also be used as supplemental to some of the primary response strategies to bolster the reputation of the organization in crisis. Regardless of the crisis type, Coombs (2007) suggests there is an ethical imperative in crisis response: instructing and adjusting information designed to protect stakeholder health and wellbeing must be provided before reputation management response strategies are utilized.

We broach the topic of SCCT and its fundamental suggestion – to use crisis responsibility level to guide crisis response (Coombs & Holladay, 2002) – to demonstrate the acute paradox underlying the phenomenon of spillover crises. Spillover crises can have very real ramifications for organizations that had no responsibility in creating the crisis. We suggest the paradox inherent in spillover crises blurs the relationship among responsibility, threat, and accommodation and leaves many unanswered questions. How can an organization respond to a high reputational threat, which is common in cases of spillover crisis, when there is limited or no responsibility? At what point along the defensive to accommodative continuum does an organization suffering from negative reputational spillover effects place its response? In considering the literature on organizational interdependence, at what point should organizations abandon collective reputation management strategies via trade associations? Winn et al. (2008), found that in the face of persistent challenges, collective strategies start to fail and organizations begin to "experiment and innovate to repair industry and firm legitimacy" (p. 52). However, research has yet to examine whether these “experiments” have successful outcomes. This study examines the communication strategies of the top three jarred peanut butter brands in the midst of the 2009 peanut product recall to determine what strategies lead to what outcomes and explain why some brands were able to actively manage the spillover crisis better than others.

Methods

We used a robust case study approach (Sellnow, Littlefield, Vidoloff, & Webb, 2009) to analyze multiple data points. The purpose of case study research is to investigate a “contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin, 2002, p. 13). Through a process of triangulation, case studies use multiple data points or evidence to develop converging lines of inquiry to answer questions within an interdependent system (Yin, 2002).

First, to identify a timeline and outline the PCA crisis summary, we analyzed network television coverage of the peanut product recall. The Digital Content Analysis Lab, housed within a college of communication at a southeastern university, perpetually records 20 U.S. network and cable television channels. The system provides video streams and program transcripts of half-hour blocks of broadcasted content for all digital captures, resulting in 480 hours of broadcast data each day. This content is accessible through a search engine archive known as COMMTV, which can be used to identify, track, and analyze specific media content related to news events. We used this database to collect video artifacts and transcripts using the keywords “peanut” and “Salmonella” as they were most likely to isolate news coverage pertinent to the peanut product recall. Any single finding of these keywords or combination of the terms enabled the television tracking system to isolate and capture thirty-minute video segments for analysis, resulting in 165 video segments with matching transcripts on ABC, CBS, CNN, CNN Headline News, CW, FOX, FOX News, and MSNBC. Based on this analysis, the news coverage timeline of the crisis lasted about two months, from January 8 when the first recall was announced to mid PCA filed bankruptcy.

Second, to identify how the crisis specifically affected jarred peanut butter brands, we initiated a Google News search for news coverage including “peanut” and “recall” and “Jiff”, or “Skippy” or “Peter Pan” from June 2008 to June 2010 to make sure we included news coverage that may have referenced the brands from before PCA was named as the culprit to after the United States Department of Agriculture (USDA) issued its final report in February, 2010. The search was set to hide duplicate articles; 24 unique articles were identified. The first article mentioning jarred peanut butter brands was on January 16, 2009, over a week after PCA initiated the first recall. The last article was dated February 4, 2010 and covered the USDA’s report.

Third, we examined the 2009 annual reports from each of the parent organizations of the brands (Smucker’s/Jif, Unilever/Skippy, ConAgra/Peter Pan) for any mention of the recall and its affect on the brands. We also contacted each of the brands through their media relations pages on their respective parent organization websites to request access to any press releases, advertisements, or promotions issued in the midst of the recall. We were directed to the press releases Smucker’s, Unilever, and ConAgra posted to their websites in 2009 specific to the recall. Smucker’s posted one press release on January 19. Unilever posted one on February 17. ConAgra updated information on their website on January 10 and posted three releases on January 16, 17, and 28. ConAgra and Smucker’s also ran advertisements and issued coupons during the recall. Unilever did not run an advertising campaign for Skippy during the recall.

Finally, to make sure we included relevant information from research reports already published on the crisis, we conducted a search for peer-reviewed journal articles on the Ebscohost database, which searches multiple databases including Business Source Complete, Communication & Mass Media Complete, and others. Because the peanut product contamination was ultimately attributed to PCA, we searched for the term “Peanut Corporation” anywhere in the text. We identified 8 journal articles examining the following topics: unethical decision making in the PCA crisis (Martin & Johnson, 2010; Oaks & Smith, 2013); the role of third-party communication in the PCA crisis (Millner, Veil, & Sellnow, 2011); the need to improve food safety and regulation (Stearns 2010; Steinzor, 2010); how to increase risk visibility in a multi-tier supply chain network (Tse & Tan, 2011); how to create consumer-focused food recall messages (Kaptan & Fischhoff, 2010); and how newspapers framed the PCA crisis (Haigh, 2012).

PCA Crisis Case Summary

In November, 2008, the Centers for Disease Control and Prevention (CDC), working with state and local partners, began an epidemiological assessment of a cluster of Salmonella cases reported from 12 different states. The reports were loosely connected to peanut food items, and media sources began warning viewers to be wary of all peanut products. On January 7, 2009, the FDA launched an institutional food service investigation. Recalls started January 10 when a five-pound King Nut container tested positive for Salmonella. PCA, the manufacturer and distributor of King Nut, was responsible for processing approximately 2% of the industry’s peanut products and byproducts (Chapman & Newkirk, 2009). According to Wittenberger and Dohlman (2009), PCA “produced blanched, split, granulated, and roasted peanuts. Peanut meal, peanut butter, and peanut paste were also produced” (p. 17). Its Blakely, Georgia, plant was the primary manufacturing location. As an upstream supplier (Martin & Johnson, 2010), PCA primarily sold its product as a raw ingredient for use in making other commercial peanut products. On January 13, PCA voluntarily recalled all of the peanut products produced at its Blakely plant “on or after July 1, 2008, because of possible Salmonella contamination” (AP, 2009, para. 13). PCA hired Burson-Marsteller to assist with communicating recall information (PR Week, 2009). On January 28, PCA extended its product recall by recalling all ingredients made after January 1, 2007. On February 5, government officials and a salmonellosis victim’s mother testified before a Senate committee about the outbreak. The Federal Bureau of Investigation (FBI) raided the Blakely plant on February 9. PCA filed for Chapter 7 bankruptcy on February 13, shielding the company from liability lawsuits (CNN, 2009). By mid-March, FDA investigators reported that PCA’s peanut products were used in more than 3,900 food items, leading to 714 salmonellosis cases and 9 deaths in 43 states (Marler Clark, 2009).

Negative Spillover Effects and Crisis Response Strategies

Sales declined significantly across the peanut industry in January – February, 2009. Headlines referred to the “ongoing peanut butter recall.” Peter Pan, which was the number three peanut butter brand in 2009, experienced its own Salmonella contamination just two years prior to the PCA crisis. Seeking to preempt any questions about the brand’s connection to PCA’s recall, Peter Pan’s distributor, ConAgra, posted information on ConAgra’s and Peter Pan’s product websites on January 10, 2009 (Lee, 2009). The Peter Pan website included a section called Safety and Quality with facts about the 2007 recall and what steps were taken by ConAgra to improve food safety after the recall. A pop-up message also stated that Peter Pan was not part of the current recall. Still, initial articles referred to Peter Pan’s past crisis.

The first article in connection with the PCA crisis that mentioned Peter Pan was published on January 15 in The Wall Street Journal. Titled “Peanut-Butter Probe Focuses on Georgia Plant,” the article used one-third of the space to conclude:

This is the second high-profile salmonella contamination involving peanut butter. In February 2007, ConAgra Food Inc., Omaha, Neb., recalled its Peter Pan Peanut Butter and Great Value Peanut Butter brands after more than 625 people in 47 states were sickened. The outbreak was traced to ConAgra's Sylvester, Ga., peanut butter plant where a leaky roof and faulty sprinkler system allowed the growth of low levels of dormant Salmonella that were likely present from raw peanuts or peanut dust. ConAgra promised to upgrade its facility, and the peanut butter returned to store shelves in August 2007. (Jargon & Zhang, 2009, para. 4)

The next day, on January 16, ConAgra posted its first press release:

To our loyal customers: ConAgra Foods products that contain any peanut- or peanut-based ingredients are not associated with the federal government's ongoing salmonella investigation. Neither ConAgra Foods nor any of its suppliers purchase any ingredients from the Peanut Corporation of America, which is linked to this salmonella investigation. (ConAgra, 2009a, para. 1)

The following day, January 17, ConAgra sent a press release through Business Wire that specified Peter Pan was not involved in the PCA crisis:

ConAgra Foods, Inc., today announced that none of its products that contain any peanut- or peanut-based ingredients are associated with the federal government's ongoing salmonella investigation. This includes all of the products the company makes under its branded product lines, including Peter Pan Peanut Butter, as well as the products made for its food service and store brand customers. Neither ConAgra Foods nor any of its suppliers purchase any ingredients from the Peanut Corporation of America, which is linked to this salmonella investigation. (ConAgra, 2009b, para. 1)

Also on January 17, the FDA and CDC held a joint teleconference that stated “major national name brand jars of peanut butter” were not linked to the recall. This statement was couched between an urging for consumers to postpone eating peanut butter products and that the investigation was ongoing:

In terms of food products which contain peanut butter but have not yet been recalled, we urge consumers to postpone eating these products until further information becomes available about whether that product may be affected. We have been advised by manufacturers that product specific information may be available within the next few days. As of now there is no indication that the major national name brand jars of peanut butter sold in retail stores are linked to the PCA recall. As the investigation continues over the weekend and in to the week, FDA will be able to update the advice based on new sampling and distribution information. (FDA, 2009, p. 5)

To try to clarify that not all peanut products were involved in the recall, the American Peanut Council, the trade organization that represents peanut manufacturers, announced it was working with Ogilvy PR Worldwide and Argyle Communications “to educate consumers about which peanut products were recalled and which ones remain safe” (Lee, 2009, para. 2). The council posted a list of products that were not recalled on its Web site and reported that the FDA website would maintain the list of recalled products.

However, it wasn’t until after Smucker’s, the distributer of top peanut butter brand Jif, issued a news release on January 19 that the specific jarred peanut butter brands were listed as safe in the news coverage. Smucker’s PR Newswire release stated:

No products made by The J. M. Smucker Company are included in the Food and Drug Administration recall of foodservice peanut butter and peanut butter products. Our peanut butter products and brands are safe for consumption, including Smucker's®, Jif®, Smucker's Uncrustables®, Adams®, Laura Scudder's®, Eagle Brand® and Pillsbury® brands. The J. M. Smucker Company does not purchase peanuts or any ingredients from Peanut Corporation of America. We are confident that our comprehensive product safety and quality assurance policies and procedures, which include testing for the presence of Salmonella, ensure the safety of all our products, including our peanut butter and our products containing peanut butter. (Smucker’s, 2009a)

Smucker’s also created a pop-up message on all its branded websites with a similar message:

A Special Thank You to Our Consumers:

The J.M. Smucker Company appreciates the trust consumers place in our Jif® peanut butter brand and peanut butter products. We respect this trust and are fully committed to ensuring that each jar of Jif® that you open will be both safe and delicious. Please be assured that our Jif®, Smucker's®, Adams® and Laura Scudder's® grocery products are not involved in the PCA recalls.

The next day, on January 20, Forbes cited the press releases from ConAgra and Smucker’s:

Peter Pan peanut butter maker ConAgra Foods said Saturday it was not involved in the investigation and neither the Omaha, Neb.-based company nor its suppliers use ingredients from Peanut Corp. of America. Orville, Ohio-based J.M. Smucker, which makes jams and jellies and whose brands include Jif peanut butter, assured customers on Monday that none of its products are involved in the national recall and that it does not buy peanuts or any ingredients from Peanut Corp. of America. (Marcus, 2009, para. 10).

On January 28, ConAgra issued a third press release, which included the following statement from Gary Rodkin, ConAgra Foods CEO:

Peter Pan is safe to enjoy. We are extremely confident in our safety protocols, including stringent quality testing, for Peter Pan peanut butter and all of our other products. We appreciate the continued loyalty and trust consumers have shown for Peter Pan as they shop for value and wholesome goodness for their families. (ConAgra, 2009c, para. 2)

By the end of January, according to figures compiled by The Nielsen Company, jarred peanut butter sales had dropped 22 percent from the same period the previous year (AP, 2009). American Peanut Council President Patrick Archer stated in an interview that "The vast majority of peanut products, or products containing peanuts, are safe. If consumers have any doubt, they should check with the manufacturer" (AP, 2009, para. 19). Consumer's did check with manufacturers. Maribeth Badertscher, director of corporate communications at Smucker's, reported in late January that they had already fielded over 40,000 calls from customers.

To address costumer concerns, Smucker's ran advertisements in 100 different markets the end of January and beginning of February stating that "Jif Peanut Butter, like all the products from The J.M. Smucker Company, is safe to enjoy" (Patton, 2009, para. 2). The half-page ads in newspapers, including the New York Times, featured coupons ranging from 35-cents to a dollar off a jar of Jif (Howard, 2009; Martin & Robbins, 2009). ConAgra followed suit, running advertisements in 50 newspapers including a 50-cents-off coupon for its Peter Pan brand (Martin & Robbins, 2009). Stephanie Childs, director of communications at ConAgra, suggested "Consumers have been confused by the media and are uncertain about what products are safe." Smucker's Badertscher agreed and said "We're doing what we can to make sure consumers know our products are safe" (AP, 2009, para. 8-10).

Following the FBI raid of PCA's Blakely plant on February 9, the media described the unsanitary conditions that were found at PCA and once again brought up Peter Pan's crisis history. However, one article suggested that in the wake of the crisis, Peter Pan "re-invented itself where it comes to food safety and systems protocols" (Gibb, 2009, para. 10). According to the article by Gibb (2009), ConAgra spent $33 million to "eradicate water leaks, airflows that could carry contaminants, and other threats" (para. 11). Other changes included sampling jars coming off the production line every 20 minutes and training employees to follow a rigid set of 80 rules for food safety. Thus, the corrective actions taken by ConAgra and posted on the Peter Pan website did eventually get reported in the news.

Unilever, distributor of the number two peanut butter brand Skippy in 2009, did not launch an advertising campaign during the recall and posted only one news release on February 17. The first line of the release stated that Skippy was not affected by the recalls. However, in the same release, Unilever provided information on the Slim-Fast bars that were recalled:

Skippy peanut butter is not affected by the Peanut Corporation of America (PCA) recalls. Specifically, neither Skippy brand peanut butter nor any of the ingredients contained in the peanut butter are sourced from PCA. Slim-Fast ® is recalling three Slim-Fast bar products because they may contain peanuts that are being recalled by Peanut Corporation of America (PCA). The PCA recall was ordered by the Texas Department of State Health Services on February 12, 2009, as a result of unsanitary conditions at the PCA Plainview, Texas, facility, which could have compromised the peanuts. (Unilver, 2009a, para. 1-3)

The fact Unilever didn't advertise during the crisis was not considered unique by industry standards. On the contrary, Smucker's and ConAgra's campaigns were unique. The New York Times reported peanut butter sales were down 25% by the first week of February, and quoted Gene Grabowski, senior vice president for Levick Strategic Communications, as saying it was unusual for companies to place ads saying that their products were not contaminated. "Typically, companies worry that such ads might draw more attention to the outbreak and inadvertently link their products to it" (Martin & Robbins, 2009, para. 28). Grabowski went on to say "That's a marketing tactic that you want to hold back until you absolutely need it" (para. 28).

While exact sales figures for the peanut butter market share leader, Jif, were not published during the recall, the USDA's final report suggested the entire peanut industry average sales loss was 24% (Wittenberger & Dohlman, 2010). Peanut sales took the biggest hit in January and February 2009, but largely recovered by April 2009 due to a strong peanut crop that increased supply and production and helped to quickly get products back on the shelves. Jiff, in particular, faired much better than the industry in sales volume. The industry saw a 7% volume decline by the end of 2009, but Jif only experienced a 2% decline according to its annual report (Smucker's, 2009). Most likely due to its prior crisis, Peter Pan sales fell a whopping 45% in the months after the recall (Mallove, 2010). Interestingly, Skippy, which had no crisis history at the time and followed the norm of not advertising in the midst of an industry crisis, watched sales plummet by 54% in the months after the recall (Mallove, 2010).

Analysis

This study identifies the 2009 PCA peanut product Salmonella contamination as a spillover crisis. PCA was responsible for processing approximately 2% of the industry's peanut products and byproducts (Chapman & Newkirk, 2009), and yet, the massive recall and clear disregard for public safety by PCA created concern, uncertainty, and perceptions of harm for the other 98% of the peanut industry. The peanut industry was "tarred with the same brush" as PCA and suffered negative reputational spillover effects.

Reputational Interdependence

While some research on reputational interdependence suggests trade associations can be "critical to recovery from crises that face entire industries" (Barnett, 2006, p. 1756), the associations can also decrease opportunities for individual brands (Abrahamson & Hegeman, 1994). In the case at hand, the American Peanut Council chose as one of its primary strategies to create a list of all peanut products NOT recalled and post the list to its website. We suggest this strategy was counterproductive, particularly for top jarred peanut butter brands attempting to salvage legitimacy and rebuild reputation in the spillover crisis. By placing iconic peanut butter brands like Jif, Skippy, and Peter Pan on the same list as every other minor peanut product represented by the American Peanut Council, the trade association made lesser brands appear as peers to the leading brands and created a "reputation commons" below the legitimate stature of the leading peanut butter brands. Hoffman and Ocasio (2011) suggested that collective action is more likely to occur when supported by industry leaders. In this case, the number one and number three peanut butter brands, Jif and Peter Pan, chose not to rely on the actions of the trade association, and instead, to take advantage of their own strategic capabilities to repair legitimacy.

Barnett and Hoffman (2008) suggested the means of managing reputational interdependence could be generalized as fitting within the three broad themes of (1) Keeping up with the Jones's, (2) Teaming up with the Jones's, and (3) Fencing out the Jones's. As the industry leader since 1981 (Boyle, 2016), Jif had the money and ability to launch a two-week newspaper advertising campaign in 100 markets across the country in the midst of the recall (Patton, 2009, para. 2). Peter Pan decided to try to keep up with the Jones's by launching its own newspaper advertising campaign in 50 markets a week later (Martin & Robbins, 2009). Running advertisements in the midst of an industry recall is not standard protocol according to industry giants. The concern is that ads run during a crisis like the PCA recall could draw more attention to the outbreak and inadvertently link a brand's product to the recall (Martin & Robbins, 2009). However, in this case, the entire industry was linked to the recall. Therefore, Jif and Peter Pan engaged crisis management strategies to salvage legitimacy and maintain corporate reputation.

Crisis Response Strategies

The jarred peanut butter brands we examined (Jif, Peter Pan, Skippy) were not responsible for the crisis. However, rumors and brand confusion could have made the public assume all peanut products were contaminated. According to SCCT, the deny posture should be used for rumor and challenge crises. All three brands used denial and scapegoat (blaming PCA) in their statements. SCCT also suggests that mixing deny crisis response strategies with diminish or rebuild strategies will erode the effectiveness of the overall response (Coombs, 2007). Counter to the theory, Jif and Peter Pan also used the rebuild strategy of compensation (providing major product discounts) as well as the bolstering strategies of ingratiation (thanking consumers) and reminder (referring to stringent testing) in their crisis response.

Because of its crisis history, Peter Pan's attribution of responsibility and reputation threat were amplified. Early coverage of the PCA recall referenced the Peter Pan recall, and Peter Pan did suffer a significant drop in sales (45%). However, later media coverage, after the advertising campaign, referenced the $33 million Peter Pan spent to improve food safety. And, because the website had a section dedicated to the corrective actions taken by Peter Pan following the 2007 crisis, after getting the pop-up message saying Peter Pan was not part of the PCA recall, consumers could read the detailed safety policies and procedures now being used by Peter Pan.

Interestingly, Skippy sales fell 9% more than Peter Pan's sales. Skippy did not have a crisis history. The brand followed the industry standard to allow the trade association to communicate about the peanut crisis and did not mix denial with rebuilding response strategies. However, in comparison to the other two brands, Skippy seemed reticent to communicate at all. Skippy was not only unwilling or unable financially to "keep up with the Jones's" by running advertisements and offering deep discounts, the brand waited well over a month after the other top two brands issued press releases and over two weeks after Jif and Peter Pan ran their respective campaigns before even providing an official statement. At the time Skippy was distributed by Unilever, which distributed other brands that were involved in the recall. The impact of the Skippy sales loss was not noted in Unilever's 2009 annual report (Unilever, 2009b). In fact, the brand wasn't even mentioned in the report. In 2013, Unilever sold Skippy to Hormel Foods (Hormel, 2013).

Conclusions and Implications

Barnett and Hoffman's (2008) special issue on reputation interdependence asked whether positive and negative spillover outcomes can be actively managed. At the time, the mechanisms that lead to one outcome or another were still unclear. This study demonstrates that organizations, or at least industry leaders, do indeed have the ability to actively manage the outcome of spillover crises. Based on the analysis of this study, we suggest that when negative effects of a spillover crisis occur organizations should follow these five crisis response strategies: 1) Disassociation – distance the organization from industry trade associations if those associations are also communicating for the organization(s) in crisis); 2) Denial – deny any involvement in the crisis and name (blame) the organization in crisis; 3) Ingratiation – thank consumers for their trust and loyalty; 4) Reminding – remind stakeholders of the organization's positive attributes; and 5) Compensation – offer special promotions to entice consumers back into the industry via the organization's quality brand. Just as the SCCT strategies have been tested and retested, we offer these spillover crisis strategies for future empirical testing to determine if the strategies hold up beyond the case presented here.

While all three peanut butter brands took a financial hit in January and February due to the PCA recall, Jif actually managed to increase sales 3% by the end of 2009 (Boyle, 2016). Peter Pan still remains number three in market share, below Jif and Skippy. However, having just weathered its own Salmonella crisis a few years before PCA's crisis, the outcome for Peter Pan could have been much worse. The lesson learned from Peter Pan is how important it is to provide crisis recovery updates. We know from the extensive research on SCCT that crisis history increases the attribution of responsibility in a crisis. However, we suggest that by engaging in the response strategies identified in this study, Peter Pan was able to limit damage to legitimacy.

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