

CRISIS CASE STUDY 03: Condoms, Toys and Dog Food. Some combination.

The 2007 product landscape in South Africa is riddled with the corpses of product recalls, some poorly executed and others carried out with textbook accuracy and excellence.

"Three critical factors are currently acting as red flags for manufacturers and brand custodians, alerting them to the need tip-top crisis management and product recall plans," warns Evan Bloom, MD of Crisis Communications Consultancy. "These include consumers becoming more aware of their legal rights and exercising these rights, stricter legislation, and a media that picks up and runs with a bad news story, locally and internationally, as soon as it breaks."

By now, most people are well aware of the poor performance of Royal Canin in managing the recall of its dog food. Just recently we also witnessed a global recall of Mattel toys because of the potentially high levels of lead contained in paint used on the toys, as well as a voluntary recall of Polly Pocket Play Sets which contain magnets that could dislodge and become hazardous to children.

"In the US, it's apparent that as soon as there is any indication of danger or a threat, the product is recalled," continues Bloom.

Some examples include children's hooded sweatshirts with drawstrings recalled due to strangulation hazard, a major international PC manufacturer recalling its notebook computer batteries as they pose a fire hazard and a shopping chain recalling folding chairs as they pose a 'collapse and fall hazard.'

"Product recalls need detailed planning and messaging to be formulated long before the product becomes commercially available. You can no longer fly by the seat of your pants when you need to get something off the shelves in a hurry," adds Bloom.

One of the biggest product recall crises that South Africa has faced in recent years is that of condoms which were incorrectly certified as safe for use.

THE BACKGROUND:

On 22 August the Mail & Guardian Online reported that an employee at the South African Bureau of Standards (SABS) was arrested because he allegedly certified defective condoms in exchange for cash from the manufacturer.

South Africa's Health Department recalled 20 million potentially defective condoms despite only a batch of seven million being affected. The corrupt SABS person was arrested as were two directors of the manufacturing company.

On 28 August the Mail & Guardian Online quoted Health Department spokesperson Sibani Mngadi as saying, "An official of the SABS has put millions of people at risk by illegally passing millions of condoms, which had not met the quality assurance requirements." The condoms failed to meet the standards for strength, pressure and lubrication, all of which are crucial for safe sex.

A press release issued by the SABS on 28 August stated the following:

"The purpose of this media release is intended to assist the public in understanding what the impact of these failures might be. The impression that all condoms within the affected batches will fail during use is false. The failures of the batches based on statistical compliance levels in laboratory testing will mean that the potential for failure, or the risk of failure, during use is increased. However, the increased risk means that such condoms should not be used and hence the reason for recalling all condoms produced by this company. All condoms bearing the manufacturers code or Lot No starting with 4308/ZLX/ should not be used and should be returned to the nearest health facility."

The SABS communicated openly by posting warning notices on its website informing the public of the faulty condom brand names - Ultramour, Randy Rat and Positions.

The Mail & Guardian Online also reported that the SABS said it had instructed Latex Surgical Products (LSP) to recall the condoms and that it would take legal action against the manufacturer.

The SABS very responsibly and proactively did an audit of its condom department to see if there were any other irregularities.

The Health Department also acted with haste and initiated the recall of all condoms produced by LSP from its national HIV/Aids supply chain.

Looking at the condom crisis, how do you prepare for a product recall?

LESSONS LEARNT:

1. Initiate a product vulnerability audit

Before you launch a product you need to understand where it will be at risk and this is accomplished by conducting a vulnerability audit. Typically the audit will analyse every aspect of the product or service including the components that make it up and will highlight its areas of risk. This will provide the product or marketing team with a clear indication of all the relevant scenarios and incidences that they need to prepare for. This includes product tampering and recall, poor uptake of the product and even excessive demand.

2. Prepare a product recall plan

Once you know where the threats and weaknesses are, you need to formulate an entire product recall plan that will cover all the bases, including internal and external communications, messaging, managing the supply chain during a recall, working with third parties and special interest groups and importantly the media. It is critical not to leave out legal and compliance factors as well as ensuring that you are covered by the relevant insurance. Every single product line item needs to have a product recall plan.

3. Set up a product recall team

Recalling a product is not a one man game. An integrated team needs to be used, including a selection of or all of the following, depending on the crisis: the brand manager, legal representative, those responsible for production/manufacturing, logistics/supply chain managers, the MD, call centre managers, web master, financial managers, HR management and risk management.

Allowance must be made for external parties to become part of the greater crisis management team. These include: police, fire and rescue, private detectives, security company, psychologists, PR company and advertising agency.

4. Create product recall communications

A core part of the product or service recall plan is to have all the necessary messaging in stand-by mode. This must contain:

Pictures of the product, barcode numbers, batch numbers, date of manufacture, sell by date, description of product, reason why product is being recalled and instructions to members of the public who have bought the product telling them what to do and what not to do. The same type of communication must be prepared for stockists of products, suppliers of components to manufacture the products, and the media.

The messaging must exist in standby press releases with product photography, advertisements for all media, and information sources such as dark websites (websites which can be activated with in a few minutes giving consumers all the necessary information that they need.)

5. Initiate a product monitoring and satisfaction strategy

While many South African companies produce world class consumer and business products, services and solutions, and run sophisticated marketing and brand activation campaigns, far too many of these are more focused on units consumed and targets achieved than on monitoring consumer queries and returns of the product on a daily basis. In fact, many companies still need to elevate their call centres and place them at the forefront of consumer and product safety as they are one of the first to receive customer complaints. Also key are stores where the customer would have bought the product.

6. Know when to recall a product

Many companies are unsure about the appropriate time to recall a product. The rule is simple: If human or animal life or the environment is endangered

If death or injury is reported and confirmed
If product tampering has taken place and is confirmed
If not recalling the product/good/service puts the company manufacturing or selling it at legal risk

7. Practice product recalls

The only way a team can become proficient in product recall is to hold regular training sessions that not only include the crisis management team and third party advisors who will be actively involved for the duration of the crisis. The best type of practice that is conducive to a product recall is to hold a table top exercise with all the key role players going through a dummy exercise.

8. Formulate a consumer-centric strategy

One of the best ways to ensure that a product recall happens speedily with an informed public and media is to have regular and consistent product communications right from the launch. A consumer base that is aware of a product and its brand values will be easier to communicate with during a product withdrawal and will be more receptive to the product once it is reintroduced to the market after the product recall has ended.

9. Initiate a tough supplier, dealer, logistics and stockist governance strategy

It is not much use for a company to outsource its entire production requirements to a third party or to get someone else to test, accredit, deliver or manufacture components or ingredients if there is no consistent due diligence carried out. Companies must initiate surprise inspections and random sampling testing on suppliers as the manufacturing process is one of the most vulnerable areas in a product's lifecycle. Brand owners are well within their rights to dictate minimum product standards that must be adhered to by the manufacturer and supplier. Logistics service providers and specialist warehousing companies must also be regularly audited to ensure that they comply with the brand owner's minimum product safety requirements.

10. Monitor the recall

Once a product recall is initiated, its progress and success must be consistently monitored for any areas of weakness and change. Part of this must include monitoring what the media are saying, listening to customer demands and complaints, monitoring what suppliers and stockists are asking and saying, and also ensuring that all the stock that was distributed is returned as per instructions and then destroyed.

Further media information:

e-mail: info@crisiscomms.com