Blind-sided by ‘botulism’: The risks of a false food scare

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What happened

• False positive returned in test of whey protein suspected of botulism contamination

• Result: consumer crisis in several countries, product recalls and bans

• Reputation spill-over affected not only the company, Fonterra, but also tainted an industry sector and NZ’s positioning as safe food producer
How were risks handled?

• Suspected contamination risk: delays in testing because botulism finding was not expected (‘optimism bias’; discounting the future)

• Communication delays: affected (and outraged) consumers especially, but also regulators

• Helped create ‘explosive reputation risk’ which initially was recognized
How did the crisis unfold?

• Classic SARF (Social Amplification of Risk) case

• Both company’s initial fumbles and aggressive media coverage, especially in China, helped amplify concerns and appeared to justify product bans and restrictions

• Company may have sacrificed public confidence on the altar of search for conclusive scientific proof of botulism bacterium (although transparency has won some kudos in China)
What implications for the future?

• Delays in both testing and communication perceived as ethical, not just operational issues

• Latent distrust a factor: government officials to company offices to validate information being provided

• More rigorous challenging of assumptions around risk might be needed
What implications for the future?

• Importance of co-ordinated approach to reputation management: Fonterra needed to lock-step with Government diplomatic response

• Risk/reputation crisis can quickly spill, producing unanticipated consequences e.g. Russian product ban

• Another reminder that basing responses to consumer food scares needs to factor in outrage, not just hazard management