



# 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