Why Brands Go Political: A PepsiCo Case

TEACHING NOTES

The teaching plan is a guideline on how to present the case in a successful manner. This instruction gives a deeper understanding to increase productivity, engagement and interactions. This chapter starts with a case synopsis to get an overview of the case's topic and focal points. Furthermore, we address the learning objectives, and present several main and assisting question to help guide the case discussion. Lastly, a time plan is presented to outline the estimated time per stage.

Case Synopsis

In April 2017, PepsiCo launched the commercial "Live for Now Moments Anthem" featuring the supermodel, Kendall Jenner. PepsiCo's aim was to be perceived as a global leader of pop-culture around the world. However, PepsiCo and the commercial became an online target of criticism for being insensitive to the social injustices and the police brutality that had broken out across the US over a few years. The brand became the main subject on the internet with a stream of mocking memes. Thus, short after PepsiCo withdrew the commercial, apologized publicly to its stakeholders and to Kendall Jenner by emphasizing they wanted to create *"a global message of unity, peace and understanding"*. The scandal affected the reputation and the perception of PepsiCo, where the negative mentions of the brand stood for 53,3 percent on the social media platforms Twitter, Facebook and Instagram. However, by means of financial effects, PepsiCo's revenue increased in the period after the scandal.

Learning Objectives

As a result of the PepsiCo case, students will reach deeper understanding within crisis management and evaluate the conditions of the brand reputation.
The specific learning objectives to be assessed are listed below.
- Understanding the relationship between corporate identity, brand communication and brand image and reputation
- Develop needs to reach effective congruity between the *brand communication* with stakeholders' expectation
- Compare and contrast brand paradigms with consumer's perception of the brand
- Identify elements of a crisis and practice preparing for it

Crisis Management

In the case of PepsiCo, after the backlash hit the brand reputation, the brand contained and resolved the situation by withdrawing the commercial, and publicly apologizing on the short term. On the long term, PepsiCo created the Super Bowl commercial, PepsiCo's Generation "This is the Pepsi", that celebrates iconic commercials through its history, which is one step into the direction of rebuilding the brand reputation - consisting of the brand identity and brand image. When a crisis strikes a brand or organization, damage to its reputation as well as its capital often occurs. However, brands with a strong reputation will recover faster from a crisis through developing

effective brand communication and (corrective) actions on the short- and long term. According to Augustine (1996), the vital part after the crisis is for the company to contain, resolve and benefit from the crisis.[1]

Brand Identity and Image

In PepsiCo's case the multiple identities are inconsistently aligned. PepsiCo considers itself as a brand associated with pop, hip and young cultures and the commercial "Live for Now Moments Anthem" was a way to pursue this view and create unity among people around the world. However, the communicated identity by the commercial was perceived as 'exploitative brand social activism'.

According to Balmer & Greyser (2002), the corporate identity can be divided into five levels; the actual identity, that refers to the perception the corporate holds on themselves and it's based on the actual values and attributes that are shared through the organization.[2] The second level is the communicated identity, which based on the corporates communicated messages, this is shown through commercials and advertisements, press releases and different commercials. The brand image from a consumer perspective is a part of the third level, the conceived identity. On this level, the consumers form a perception of the brand, through past, present and future activities of the company, and it reflects the reputation of the brand. The ideal identity reflects to the brands positioning in the market during a specific period and the desired identity describes the vision of the brand more ideological than the ideal identity. There can be a gap between the multiple identities, since the organizations perception can be inconsistent with the consumer's perception.

Brand Communication

In the PepsiCo's case, the commercial is one of the prevailing ways of storytelling, which plays a role in the foundation of the corporate communication, whereby corporate personality is interpreted and understood by external stakeholders and then corporate reputation is produced. Understanding the aim of corporate communication becomes a prerequisite to avert a similar backlash in the future. Roper & Fill (2012) state that the aim of the corporate communication is by means of the brand identity, in which PepsiCo focuses on the pop, hip, and young culture, cues to make stakeholders perceive what the organization is.[3] It is also argued for that a transparent corporate communication, which is a comprehensive and multidimensional idea, facilitates the understanding of the operation as well as a good corporate reputation. Moreover, due to corporate communication, the competitive advantages are supposed to be established and enhanced.

When we take into account that both external stakeholders and internal organization managers rather co-create the meaning of brand than the traditional theory, the role that corporate communication, which diminishing stakeholder uncertainty, played in the branding, is of extreme importance. Unfortunately, PepsiCo did not obey the aforementioned statements, and were prone to produce a commercial at the mercy of the internal groups rather than external stakeholders. In order to resolve this issue,

managers in PepsiCo should bear in their minds that there are "two things about a company: who it is and what it does".

Criteria for Effective Corporate Communication

After understanding of the importance of the corporate communication, the next question is how to implement an effective corporate communication in the PepsiCo case. As Roper and Fill discuss determinants of the effective communication consist of form, style, tone, and timing, the question listed above is guided by three questions[3]: 1) How does PepsiCo convey its message to the external stakeholder? 2) When is an appropriate time point to tell the story? And 3) With which tone can PepsiCo convince the audiences (the external stakeholders)? With regards to the criteria for effective corporate communication, it is necessary to elaborate what an appropriate corporate communication is and to serve the criteria as a guideline during the discussion regarding PepsiCo's case.

Firstly, Roper and Fill (2012) distinguish corporate communication as four types including the press publicity mode, the public information model, the two-way asymmetric model and the two-way symmetric model. In comparison with others, the two-way asymmetric model and the two-way symmetric model are worthwhile discussing in PepsiCo's case.[3] The nature of the two-way asymmetric mode is two-way and imbalanced effects for the sake of scientific persuasion, while the nature of the two-way symmetric mode is two-way and balanced effects for mutual understanding. The two-way asymmetric mode is applied to the competitive business, whereas the two-way symmetric mode primarily focuses on the regulated business. In the PepsiCo's case, the effects between the PepsiCo and the external stakeholders are in equivalent, so that the model of PepsiCo's communication is that the information conveyed by company outweighs the feedback from external stakeholders. Notwithstanding, we need to be aware that the power of external stakeholders arises all since the advent of internet and brand community so that the in equivalence is diminished and the two-way symmetric mode becomes a fashion.

Secondly, when Roper and Fill (2012) introduce the timing of corporate communication, they imply that timing determines the success of the communication.[3] A proper timing ensures that the external stakeholders unconsciously and accurately receive what a company is prone to disseminate. The commercial "Live for Now Moments Anthem" came tightly following the campaign, Black lives matter. We contend that the publishing time of the PepsiCo's commercial is not appropriate when we take into account that the commercial is broadcasted too early to be appreciated.

Thirdly, Roper and Fill (2012) define that the tone of communication is associated with the degree of formality.[3] PepsiCo should consider appropriate tones in the PepsiCo commercial. The backlash of the PepsiCo's commercial equips us with a lesson that a casual and informal tone with regard to a sensitive political topic is not accepted by external stakeholders. Moreover, the external stakeholders - who are concerned with the political topic - would treat it as exploitation and manipulation.

Contradiction Between Corporations and Consumers

The criteria of corporate communication do not delineate whether a company applies storytelling regarding a sensitive theme. Notwithstanding that PepsiCo suffered from the backlash in terms of the political theme, it is clear that corporate communications in terms of corporate social responsibility are to improve the corporate transparency by which trust and authenticity would be enhanced, and corporate reputation could enhance accordingly. The PepsiCo's case sheds light on the reason why external stakeholders' attitudes are different toward different companies which advocate a similar theme.

Based on the postmodern perspective, Holt (2002) through elaborating the dialectical model of consumer culture and branding reveals the contradiction between consumer culture and branding paradigm.[4] Initially, he defines consumer culture as the root of consumption and branding activities, while the definition of the branding paradigm is how a company establishes its brand. The contradiction takes place whilst firms try to increase the value of their brands or whilst consumers acquire higher statuses and desires and challenge the status that the brand imposes. Also, the cultural experimentation follows either consumers attempting to attenuate the contradiction or the brand investing in new technique.

Moreover, Holt (2002) elaborates that postmodern consumer culture is to be referred to as an independent choice which is ensued by the consumers' personal sovereignty and is not subject to brand coercion.[4] By contrast, he illustrates some techniques applied by the postmodern branding paradigm such as Ironic, reflexive brand persona, coat-tailing on cultural epicenters, life world emplacement and stealth branding. In PepsiCo's case, the coat-tailing on cultural apiculture serves as a technique in order to embed the brand into an ethnic subculture and then yield a new expressive culture. PepsiCo is prone to set out a benign relationship with African Americans and the relationship gets imprinted in their consumers' mind.

The PepsiCo backlash refers to a postmodern contradiction. This contradiction fits what Holt calls peeling away the brand veneer and he has described that the particular culture associated with the brand is far away from the organization - PepsiCo. Meanwhile, the sovereign consumer prompts to verify whether or not what the brand declares is consistent with what they imagine.

Can corporate communication be associated with political statements? If not, this statement is in conflict with the consensus, that there is an advantage for a company to engage in corporate social responsibility. If it is, why does PepsiCo fail but others success? Korschun et al (2017) suggest corporate image in which what consumers perceive determines the consumers' attitude toward organization's political statements.[5] They describe two types of corporate images: 1) result-oriented and 2) value-oriented. According to them, a result-oriented company draws attention to its business performance, whereas a value-oriented company is prone to establish goals and voluntarily obeys certain principles. By means of applying corporate hypocrisy that consumers are aware of the contradiction between a company's behavior and its premise and mistrust for it in the future, they contend that incongruence between

corporate communication and the company type results in the corporate hypocrisy. This conclusion is supported by Roper and Fill (2012), who contend that consumer's perception of the motivation of CSR is crucial.[3] It is possible to use the corporate hypocrisy to explain PepsiCo's backlash and estimate PepsiCo's strategy in the future.

Selection of Verbs

The aim of the PepsiCo case is to understand the contradiction between consumer culture and branding paradigm and the incongruity that may arise between the perception the corporate holds on themselves, the brand communication and brand image. The managerial board will get deeper knowledge in brand reputation crisis communication, corporate brand and identity and the role of the consumer.

Table 1 - An overview of all selections of verbs of this case:

Remembering	Brand communication is an attempt to state two things about a company: who it is and what it does	The commercial "Live for Now Moment Anthem" who Pepsi is and what the organization does according to the brand.
Understanding	The contradiction between consumer culture and branding paradigm and the incongruity that may arise between the perception the corporate holds on themselves, the brand communication and image.	Pepsi was accused of hypocrisy and deceiving the public due to the gap between the brand and the consumers brand image.
Applying	A crisis management strategy to save the brand's reputation and using clear lines of communication, both internally and externally in the short and long-term.	Augustine (1996) Managing the crisis you tried to prevent
Analyzing	The inconsistency between the different dimensions of the corporate identity	Five identities: Table 2.1 the aC2ID Test (Roper & Fill, 2012)
Evaluating	The conditions of the brand reputation in a crisis situation	The Corporate Brand Identity Matrix. (Urde, 2013).
Creating	Action plan for brand communcation in short-term and long-term to contain, resolving and profit from the crisis . If the communication and actions from the company is handled in a good way, we are able to rebuild the brand reputation.	Augustine (1996) Managing the crisis you tried to prevent

Questions

Question 1:

Based on PepsiCo's case, how does a brand implement effective corporate communication?
Assisting questions:
  1. What are different communication strategies in a crisis?
  2. How did stakeholders perceive PepsiCo's communication after launching the commercial?

3. After launching the commercial, what are the effects of PepsiCo's communication on the short- and long term?

Question 2:
In terms of the corporate hypocrisy, why did PepsiCo fail?
Assisting questions:
1. What are assets to manage corporate hypocrisy?
2. What brand(s) succeeded to benefit from expressing themselves towards a political matter? Why did they succeed? (i.e. Apple's statement on the transgender topic: facilitating the recruitment of the talent)
3. How was the communication of the succeeding brands different from PepsiCo's communication?

Question 3:
How would you describe the different identities of PepsiCo?
Assisting questions:
1. What is PepsiCo's desired reputation?
2. What is the perception stakeholders have of PepsiCo?
3. Does PepsiCo's corporate communication remain focus on expressing political views?

Teaching Suggestions

When presenting a case, it is important to engage the audience, and to activate discussions - this chapter suggests several ways to effectively build the case, draw and maintain attention and stimulate a thought-provoking discussion.

Firstly, having an open and active attitude, and speaking lively instead of monotone can help draw and maintain the audience's attention. The presenter should consider to quickly introduce him/herself in order to establish a connection with the audience. And with the objective to remove boundaries, the presenter can for example consider to welcome the audience to send him/herself an invite on LinkedIn. The presenter should interact with the audience from the start, asking questions such as 'who is familiar with the company', 'who has ever used or consumed something from them', or more personal, for instance 'who of you is from country X' or 'how many of you have work experience in X'. Interaction helps keep the audience interested and alert, and potentially makes the audience comfortable to engage in discussions later on.

Secondly, the case presenter is advised to use a variety of media to build the case. It is suggested to use previous advertisements to stress the style of advertisements of the brand. Doing so allows the audience to familiarize with the brand, and at the same time it enables them to recognize changes and similarities among different (marketing) campaigns. Additionally, the presenter can use images to illustrate situations and to introduce involves parties - images usually capture more attention than text and words only. When introducing different parties, it is recommended to emphasize their position by using direct quotes, allowing the audience to interpret the specific party's standpoint by themselves.

Before the discussion opening, the presenter could introduce a set moment where the audience can ask questions about the details of the case. Allowing them to ask questions after the case presentation causes them to process the information and to scrutinize unclear or untouched matters and topics. If the presenter wishes, he or she can also distribute name tags at this moment to assist the discussion. This time-point would be suitable for a break before continuing with the case.
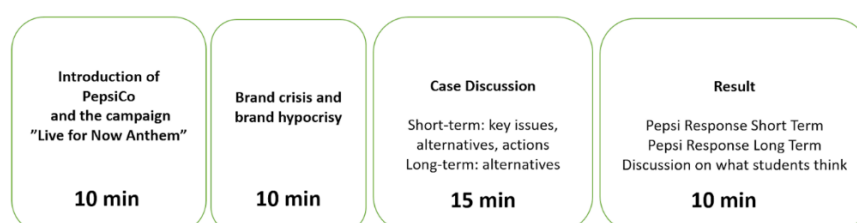
Thirdly, with regards to the case discussion, the presenter should structure the discussion by asking for 'key challenges', 'alternatives' and 'actions' on the short term. On the long term, the presenter should suggest the three alternatives as presented in 'management decision' and discuss advantages and disadvantages of each alternative - why would you or would you not choose this alternative? It is highly recommended the presenter 1) leaves the managerial questions visible, and 2) uses a smart board or whiteboard to note down matters raised by the participants - this helps to sustain focus and structure, and offers clarity.

Furthermore, the presenter should facilitate the discussion without sharing his or her personal viewpoint that might influence the audience. He or she should lead the discussion by allowing and encouraging different participants to share their standpoint. It is the presenter's responsibility to connect comments given by the participants so the discussion remains clear and relevant.

Towards the end of the discussion, the presenter should try to connect matters noted on the smart- or whiteboard, allow for open/missing elements to be discussed and finalized by summarizing the discussion points raised by the participants. While doing this, the presenter should confirm his statements with the audience. After this, he or she should ask the participants for a vote to the different alternatives designed by them. The vote can simply take place by participants raising hands for different alternatives. Finally, the presenter can answer the managerial questions based on the vote-outcome - this functions as a conclusion and clearly closes the discussion. The presenter could potentially allow for another 5-minute leg stretch.

Lastly, the presenter should introduce and explain the company decision. He or she could compare the actual decision to the decision brought up by the participants to function as food-for-thought for the participants after the discussion. In addition, comparing the two allows them to 1) look at the situation from a different perspective, and 2) to learn from the differences and similarities in approach.

Time Plan

Introduction of PepsiCo and the campaign "Live for Now Anthem"	Brand crisis and brand hypocrisy	Case Discussion	Result
		Short-term: key issues, alternatives, actions Long-term: alternatives	Pepsi Response Short Term Pepsi Response Long Term Discussion on what students think
10 min	**10 min**	**15 min**	**10 min**

Reflection

In the final part of this note we review the learning process with regards to case writing. We personally reflect on 1) what we have learned from writing a case, 2) how we adapted our approach from student to case writer, and 3) how we connected the case to theory.

Firstly, this case has taught us there are different perspectives to each crisis. Based on each person's background, we approached the case and its components differently. This allowed us to identify different issues regarding the case. In consequence, we were forced to omit certain case components in order to reach structure and clarity. When test-running the case, we received feedback that the case background was built upon sustainable evidence; the main issues were clearly identified. However, it also appeared the structure we initially provided to 'solve' the case was not coherent and aligned with the managerial questions. Therefore, we decided to split the actual exercise in two, divided in short term and long term. Observing our test-participants was helpful in a sense that it gave us insight into their thought process; we were biased in analyzing our own case.

Secondly, we had to change our approach from student-like to teacher-like. Working on the case was like preparing a lecture. We reflected on cases discussed in class, outlined the main takeaways and the different structures. What would be an appropriate structure for our case? What should be the main takeaway from our case? Additionally, we also had to approach the case as PepsiCo ambassadors or even employees - on one hand we aim to be objective, on the other hand we aim to think like them: why did they make the decisions they did?

In accordance with approaching the case from a teacher-like perspective, we also had to outline theory relevant to our case. This was challenging, as we first had to determine the approach to our case: crisis management versus corporate communication. We analyzed related theory and eventually landed a combination of both; relate crisis management to the short term situation, and relate corporate communication to the long term situation. This combination allowed us to intertwine different theories and highlight the core elements of our case.

In sum, the main takeaways from this assignment relate not only to our developed knowledge with regards to corporate brand management theory and crisis management; it taught us how to teach and how to structure and guide learning.

Endnotes

1 Augustine. Norman. R. (1995). *Managing the Crisis You Tried to Prevent*. Harvard Business Review. Vol. 73, no. 6, pp. 147-158.

2 Balmer, J. M. T. & Greyser, S. A. (2002). *Managing the Multiple Identities of the Corporation*. California Management Review. [e-journal] vol. 44, no. 3, pp.72–86, Available Online: http://journals.sagepub.com/doi/10.2307/41166133.

3 Roper, S., & Fill, C. (2012). *Corporate reputation, brand and communication*. Pearson Higher Ed. [Accessed 30 Jan. 2018].

4 Holt, D. B. (2002). *Why do brands cause trouble? A dialectical theory of consumer culture and branding*. Journal of consumer research, 29(1), 70-90. [Accessed 15 Feb. 2018].

5 Korschun, D., Aggarwal, A., Rafieian, H., & Swain, S. D. (2016). *Taking a Stand: Consumer Responses to Corporate Political Activism*. [Accessed 15 Feb. 2018].