

# **The Contagious Taste of Corona Beer**

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## **MANAGEMENT DECISION**

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The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

## Management Decisions

After the worldwide spread of the coronavirus with the same name as one of the biggest beer brands in the world, "Corona", the Constellation Brands management team acted calmly to the situation. The general approach taken by Constellation Brands was to continue with business as usual, to the extent it was possible due to laws and regulations. With the increase of Google searches associating the beer brand with the virus, Constellation Brands chose to put faith in their customers. In a statement at the beginning of the pandemic in January 2020, the senior communications director at Constellation Brands, Maggie Bowman, explained that the brand has trust in their customers understanding that their brand is not in any way connected to the pandemic: "We believe, by and large, that consumers understand there's no linkage between the virus and our business" (Business insider, 2020). Further on, as the pandemic spread so did the speculations of how the sales of Corona Beer decreased and how the pandemic negatively affected the brand. To face the speculations of decreasing sales numbers and the pandemic having a negative impact on the beer brand, Constellation Brands did a press release in February where they addressed this issue. In the press release, the company claimed a 5% increase in sales in the U.S (Cbrands, 2020a). This was followed by the CEO of Constellation Brands, Bill Newlands, statement:

*It's extremely unfortunate that recent misinformation about the impact of this virus on our business has been circulating in traditional and social media without further investigation or validation. These claims simply do not reflect our business performance and consumer sentiment, which includes feedback from our distributor and retailer partners across the country. We've seen no impact to our people, facilities or operations and our business continues to perform very well. - Newlands, 2020*

Regarding the launch of Corona Hard Seltzer, Constellation Brands decided to launch the product as planned. They reasoned that their sales remained very strong and they claimed that they still had a lot of support from their customers. Constellation Brands spokesperson Stephanie McGuane addressed the launch of the alcoholic seltzer by telling CNN Business: "Our advertising with Corona is consistent with the campaign we have been running for the last 30 years and is based on strong consumer sentiment." (CNN Business, 2020). At the end of February, a campaign was introduced on Twitter for the alcoholic seltzer with the tagline "coming ashore soon" **[Exhibit 1]**. This was in an early stage of the pandemic, where the U.S had few confirmed cases of Covid-19 at the point of this tweet. However, this campaign became controversial where this tweet received a lot of criticism. People answered to the tweet that they thought that this was "poor taste", accused the brand of exploiting the growing scare for the coronavirus and argued that they should "lay low for a while" instead. The management later decided to delete the tweet.

Despite launching their new brand in the middle of a pandemic which was controversial and received criticism for exploiting the corona pandemic, it was a success. Bill Newlands commented on the launch that even though the circumstances prevented them from engaging in several activities to promote the new brand, it was

one of the most successful product launches in the history of Constellation Brands history. Due to this success, Constellation Brands has planned a new launch in 2021 with a variety pack consisting of different new flavors to add to their Corona Hard Speltzer brand.

Other than these statements and the launch of Corona Hard Speltzer, Constellation Brands remained relatively passive in the early stages of the pandemic, at least from an external aspect. Later on, in March 2020, Constellation Brands did another press release where they announced a commitment of over 2.5 million U.S dollars to support Covid-19 relief efforts (Cbrands, 2020b).

Constellation Brands have had a passive approach to address the issue of having the same name of their biggest brand as the pandemic. Their communication externally has been very limited and controlled. However, this case is focusing on their actions and statements during the initial phase of the pandemic. They have not yet addressed this issue any further. Since this case is written while the pandemic is still ongoing, it is yet unknown how the management decisions of Constellation Brands will progress on a long-term perspective. It is still possible that new actions will be made when the pandemic is over.

## Appendix

Exhibit 1- Corona USA on twitter (@coronaextrausa) February 24, 2020



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