

The Contagious Taste of Corona Beer

TEACHING NOTES

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.

Teaching Notes

This teaching note is a helping hand for the person that presents the case and guides the presenter through the obstacles of how to introduce and present the different parts of the case in the most successful manner. The purpose of this introduction is to help the presenter and give valuable insight into the case. These insights will guide the presenter in order to take the lead in the students' engagement and interaction to make the discussion alive and ongoing. The teaching note is of extra relevance in today's situation when the live cases will be held online and the ability to engage the audience is harder when not being able to interact physically with the participants. This teaching note starts with a short case synopsis to give an overview of the situation and address the main issues of the case situation. The case synopsis is followed by the relevant learning objectives. At the end of this teaching note, there is a section providing relevant discussion questions for guiding the presenter through a solid and engaging discussion. To bring the teaching note to a close, a time plan is attached which suggests the estimated time that should be consumed on each part.

Case Synopsis

The coronavirus is spreading all over the world in the beginning of 2020. The number of confirmed cases and deaths due to the virus are on the rise. While the coronavirus is making more impact on peoples' lives, Google searches and rumours about a possible connection between the coronavirus and the Corona beer begin to flourish. Especially in the U.S where CNN retweets results from a study showing how Americans are confused about the possible connection between the coronavirus and the Corona beer. The escalation of engagement and jokes on social media is creating a buzz about the Corona beer and soon this phenomenon is known globally. This situation creates difficulties for the Corona beer and its brand owner on the American market, Constellation Brands. The issues regarding the possible negative impact on the product brand Corona Beer and the corporate brand Constellation Brands because of the rumours of a connection is a very unique and unlucky situation that the organization now has to handle. A lot of pressure is put on the CEO, Bill Newlands, and his management team of Constellation Brands on how to act in these uncertain times with such an unfortunate coincidence at hand.

Learning Objectives

Brand Identity & Brand Reputation

Brand Identity and reputation are concepts that can be viewed to be dependent on one another. The brand identity focuses on an internal perspective which includes the organization and perceptions from the management while reputation can be viewed from an external perspective with the external stakeholder's perception of the brand in mind. A corporate brand identity can be distilled from several corporate identities. These corporate brand identities can only be realised as a result of being communicated and perceived by others. As a result, a corporate brand is created with a brand image as well as a brand reputation (Urde & Greyser, 2016). Furthermore, a corporate brand's reputation can be dependent on the alignment between corporate

brand identity and its brand image that is perceived by external stakeholders. If a misalignment between the two would occur, the damage could be caused to the brand and its reputation. Therefore, brand identity is of great importance when it comes to a brand's reputation (Roper & Fill, 2012).

To understand and evaluate a corporation's brand identity, the "corporate brand identity matrix" developed by Urde (2021) can be of use. It is built upon nine elements that are structured in a three by three matrix where they are stacked in three rows. The rows are divided into, internally oriented elements externally focused elements and elements that are both internal and external. The framework serves as a guide for corporations to focus on one of these elements at the time by answering nine key questions. The elements are connected and should together be able to form a united entity. Urde (2021) argues that once a corporate brand identity is coherent, the other eight elements should echo and inform the brand core that is placed in the centre of the matrix. It should also be resonating with the values of the company and what it stands for. Furthermore, the brand core should be able to shape the other eight elements in the matrix. The corporate brand identity matrix makes it possible for organizations to examine its persona, the promises it makes, the value it creates as well as how it generates value (Urde, 2021). In the case of Corona, a strong brand identity can be beneficial for Constellation Brands in order to withstand the potential reputational damage that could follow due to the coronavirus.

Reputation

Reputation can be defined as "Reputation is considered to be the overall estimation in which a company is held by its constituents" (Fombrun cited by Roper & Fill, 2012). It involves all the perceptions of a company's stakeholders as well as their ability to meet their expectations. Fombrun claims that its reputation consists of a social image, a financial image, a product image and a recruitment image (Fombrun cited by Roper & Fill, 2012). A good reputation can result in competitive advantages while a bad reputation can cause a lot of difficulties for a corporation. A bad reputation is also considered to be more difficult to recover than it is to build and maintain it (Roper & Fill, 2012).

Urde (2021) has created an extension of the corporate brand identity matrix by adding another layer of reputation. The outer layer of reputational factors focuses on how others think of the corporate brand. Urde (2021) argues that "a corporate brand's reputation is a collective representation of personal judgements based on past and present words and deeds, and future prospects". The reputational layer emphasizes the connection between the identity core and how the corporate brand's position and communications are perceived by others. As a result, the layer can function as a tool for aligning and troubleshooting as well as discover new business opportunities. The framework allows corporations to align the relationship between brand identity and their reputation. It can assist in evaluating which elements have been affected and could be improved in order to strengthen the corporate brand's reputation (Urde, 2021).

Roper and Fill (2012) argue that potential damage to the reputation should be considered before any communication from the corporation is made. Constellation

Brands made several announcements regarding the issue that had occurred. It can be argued that these communication performances were thoughtful and for the corporate brand's best. A choice of not addressing the issue could potentially have damaged the reputation more than necessary. By communicating their view on the situation, they inform their stakeholders who constitutes the overall reputation of the product brand as well as the corporate brand.

Corporate brands can come in many different forms and shapes. Urde (2021) refers to the corporate brand as a "mother" while its products/services can be considered as "daughters". Urde (2021) further argues that corporations often have a portfolio of brands where the corporations are organized from one out of four different principal strategies. The principal strategies according to Urde are; A) a corporate brand; B) corporate brand with product brands; C) product brands endorsed by corporate brands; and D) individual brands with the corporate brand in the shadows (Urde, 2021).

In the case of Corona beer, the principal strategy, D, could be of relevance. That is because Corona beer is an individual product brand with the corporate brand, Constellation Brands, in the shadows. This goes for Constellation Brands in general where they have multiple product brands that they have under their umbrella. The fact that Constellation Brands are operating in the background results in a smaller risk of reputational damage to the corporate brand. As with this case, the risk of reputational damage due to the coronavirus was directed more towards the product brand, Corona, not as much towards the corporate brand, Constellation Brands.

Crisis management

According to Greyser (2009) a corporation going through a crisis needs to focus on gaining trust among its stakeholders to avoid a catastrophic outcome. The trust among stakeholders is gained through the behavior, communication and performance of the corporation. Furthermore, Greyser (2009) emphasizes that crises can come in many forms or from a wide variety of causes and therefore it is important to define the origin of the crises. Whether it is a matter of product failure, a social responsibility gap or from corporate misbehavior (Greyser, 2009). In the Corona Case the situation is quite different since it is an external factor in terms of a pandemic and false rumors about possible connections, which are the roots to the potential crisis. Greyser (2009) implies that credible communication is one of the important aspects when solving a crisis situation. The importance lies in focusing on the communication and on credible behavior response from the organization executives during the crisis. Lastly Greyser (2009) urges the reader to remember that "the corporate brand is as wide as the organisation; the CEO is the ultimate guardian of the corporation's reputation (p.600)". This is applicable in the Corona case since the CEO of Constellations Brands takes an important role when it comes to communicating to the stakeholders and also leads the corporate when taking action during the crises.

According to Augustine (1995) the essence of crisis management is to find potential success in the outcome of the crisis. To do so the author presents the six following steps of managing crisis: avoiding crisis, preparing to manage the crisis, recognizing the crisis, containing the crisis, resolving the crisis and profiting from the

crisis. These steps might be hard to distinguish in the Corona case but can still be relevant regarding the learnings from this as the case indicates the importance of being prepared and managed during a crisis.

Brand Equity

Brand equity is referred to as the marketing benefits or outcomes a service or product has as a result of its brand name, compared with another product or service that do not hold the same brand name (Roper & Fill, 2012). A strong brand equity can lead to several benefits for a brand, such as an increase in market share, positive brand associations or strong customer recognition. What is unique about brand equity is that it aims to measure the value of the more emotional and intangible aspects concerning a brand. Roper & Fill (2012) states that “Brand equity seeks to measure the rational and emotional value of brands”. Furthermore, the authors argue that brand equity is a measurement of the uniqueness of the brand, which is mainly generated by: awareness, perceived quality, loyalty, and associations [**Exhibit 2**].

Roper & Fill (2012) argues that the awareness of a brand is a rational measure. Awareness refers to whether consumers know about the brand or if the brand comes to mind during the decision-making process. Perceived quality is more of a rational element. However, it might be supported by emotional values (Roper & Fill, 2012). The perceived quality refers to how the consumers perceive the quality of a product or service based on the brand name. Loyalty refers to how loyal consumers are to the brand. At a high level of loyalty, the consumer will not accept substitutes to the brand as they will prefer the specific brand of which they feel loyal towards. At this level of loyalty, these consumers will act as advocates for the brand, recommending the brand to others. The association element is an emotional measure which refers to the perceived brand value. Roper and Fill (2012) describes the association as how the brand generates interest and excitement and how different associations can be of a reputational nature, such as trust. Furthermore, the association aspect is highly related to the image of the brand. Association refers to what comes to mind when coming in contact with the brand. These associations related to a brand can be both positive and negative (Roper & Fill, 2012).

One thing important to mention when discussing the brand equity in relation to the Corona case is that this case is to some extent still active, since the corona pandemic is yet to end at the point of conducting this case. Therefore, it becomes problematic to analyze the long-term effects on the brand equity. However, even if the discussion concerning whether the brand equity is affected or not is more speculative in its nature, it is still an interesting topic for discussion. One aspect to discuss is whether the awareness has been affected. Due to attention that the pandemic has caused, with the increase of google searches, the brand and the speculations and the controversy of the launch of the Corona Hard Seltzer it is possible that this has created a stronger brand awareness. With this discussion in mind, it is interesting to follow this discussion whether the corporate brand, Constellation Brands, has been affected by the increase in attention. The Corona brand is one of the world leading beer brands and arguably has a high brand awareness, especially in the U.S market. However, it is possible

that the awareness of Constellation Brands has increased due to the pandemic and the statements made by the management.

Concerning the association aspect, regarding a short-term perspective people might associate the beer brand with the pandemic. However, it is interesting to discuss the long-term associations between the two and what effect it might have on the brand equity. Furthermore, an interesting topic for discussion is what effect this has on the corporate brand of Constellation Brands. As previously mentioned, the association between the pandemic and the brand is evident. However, it is more unclear how their actions during the crisis will affect the brand. Did their passive approach strengthen or weaken the consumers' trust towards the brand? Did their decision to launch and promote their campaign of the Corona Hard Seltzer impact peoples' associations? It is possible that their actions will have a combination of both positive and negative associations. However, again, these topics for discussion are more of a speculative nature, as it is yet not possible to analyze what long-term impact this crisis has on the brand. Furthermore, it is possible that the aspects of perceived quality and loyalty towards the brand will be affected due to the corona pandemic, but these might not be the aspects of which the crisis will have the biggest effect.

Overview and Key Learnings

This case focuses on illustrating how a strong brand is facing a global crisis that has the potential to cause damage to the brand’s reputation and loss of market share. It is also to illustrate that a corporation has to be prepared to respond to crises that were not to be expected. The **Table 1** below demonstrates the key learnings from the case.

Table 1. Key Learnings

KEY LEARNINGS		
Remember	In a case of crisis, it could be beneficial to address the situation.	<i>This case: The choice was either to address the situation or not. Even if Constellation Brands remained relatively passive, they addressed the issue.</i>
Understand	That a crisis can affect your brand even though it has no real connection.	<i>This case: Constellation Brands was affected by the coronavirus although it did not have anything to do with it.</i>
Analyze	What effect a potential crisis has on corporate brand reputation and brand equity	<i>This case: Short term the reputation was not affected negatively. Long-term, unknown as of now since the corona pandemic is still present.</i>
Evaluate	How the management reacted to the situation and what options were available.	<i>This case: The CEO of Constellation Brands remained calm and proceeded with business as usual after the statements made.</i>
Create	Effective communication to keep stakeholders calm	<i>This case: Communicating a clear message of no involvement and that their business performance is stable</i>

Discussion Questions:

The following two main discussion questions have been chosen for the instructor to present to initiate a rewarding discussion among the participants. The discussion questions will also assist in structuring the discussion as well as allowing the participants to achieve the learning objectives. Furthermore, assisting questions have been provided to spur a more nuanced discussion.

- **What alternatives are the managers of Constellations Brands left with, how should they act and what potential effects could different actions have both short term and long term?**
- **How should Bill Newlands and his team at Constellation Brands act regarding the launch of Corona Hard Seltzers and what potential outcomes could different actions have?**

Assisting questions:

- What are the advantages and disadvantages of launching or not launching the Hard Seltzer?
- Why do you believe your suggested actions are appropriate?
- Can this be considered a crisis?
- How serious do you find this crisis?
- Do you believe that the corona pandemic could benefit the Corona beer and Constellation Brands?
 - How?
- Is it possible to be prepared for a situation like this?
- What are the main challenges concerning the case?
- Should the management team consider changing the name of the Corona beer?
- Do you believe that Constellation Brand's reputation will be as affected by this situation as the Corona brand?
- Do you think that Constellation Brands will or should address the coronavirus further in the future?
- What do you think will be the long-term effects of this crisis?

After management decision has been presented:

- What do you think of their relatively passive approach to this situation?
- What could they have done differently?
- Do you think it was the right decision to launch the Corona Hard Seltzers?
 - Why or why not?

Teaching Suggestions

The reason for presenting the case to the case participants is to provide a scenario in the business reality where the participants are being forced to come up with solutions and recommendations on how the case can be solved and how the managers can react to the situation. Hence, it is of great importance to engage with the case participants and enable an open discussion when presenting the case. This opens up for the participants to achieve reasonable solutions to the case and acquire a potential newly found knowledge.

Pre-Presentation and Introducing the Case

First of all, for the presenter to be able to set the scene, make a great first impression and provide the class with a good case experience it is important to control technical details. Such as, having the right zoom-link, having the right setting with sound and camera and also to make sure that the presenter is able to share the PowerPoint presentation for the case participants. If the presenter is presenting this case during normal circumstances this is still important. Make sure all the equipment such as PowerPoint is synchronized to the projector, the microphone is working and the right number of chairs for the case participants is in the classroom. This sounds basic but it is a matter of fact that the small things can have a huge impact on the perception of the presentation.

Case Discussion

At this stage, it is time for the presenter to invite the case participants to tackle the role of managers of the brand. This is a way of letting the case participants feel like they are a part of a management team working together to accomplish a result and solve the problem in the best possible way. This will ignite discussions and awaken possible ideas and in general engage the case participants in the case. At this point, it is not the presenter's mission to influence the discussion. The presenter should stay objective and remain unbiased during the discussions. Here the presenter should encourage the case participants to share their thoughts and also make sure that the discussion is staying on track and not moving the focus to something that does not touch upon the presented case topic. The presenter should also share the screen and show specific visuals and images regarding the case so the participants can create an image of the situation in their minds.

Key takeaways from the case

After the discussion the presenters will reveal the answers of how the real management did. This is for the participants to get a deeper understanding on how the managers handled the situation and to learn from their decision and valuable insight from a real-life example. The participants are also allowed to ask questions regarding the decisions made to further enhance learning and to sort out any thoughts

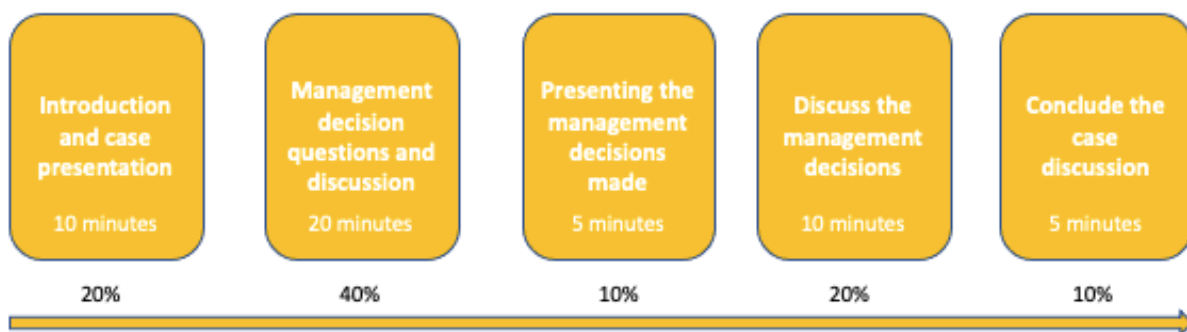
regarding the approach the management took.

Time Plan

The following part will be a time plan, to provide the case presenters with an estimation of how much time each part of the case presentation should be. For this presentation, the recommended time is 45 minutes including discussion. However, if the discussion is rich, it is recommended if possible, to extend the time for best possible learning outcomes to be developed. The time plan will be presented according to how many minutes is recommended for each section. In addition, the time plan will also be divided into approximated percentages, in order to adapt it to different time frames.

During the first part of the presentation, the presenters of the case will introduce the background of the brand and present the case. After the case is presented the presenters will provide management decision questions for the case participants to discuss led by the case presenters. Following the discussion made by the case participants, the case presenters will provide the actual management decisions made. Then these actions made by the brand will be further discussed, in order to reflect upon why they made these actions, what they could have done differently and why. At the end of the presentation, the case presenters will conclude the discussion and summarize what key learning objectives have been made during the case session.

Figure 1. Time plan for the case session



Appendix

Exhibit 1 - Corporate Brand Identity and Reputation Matrix (Urde & Greyser, 2016).

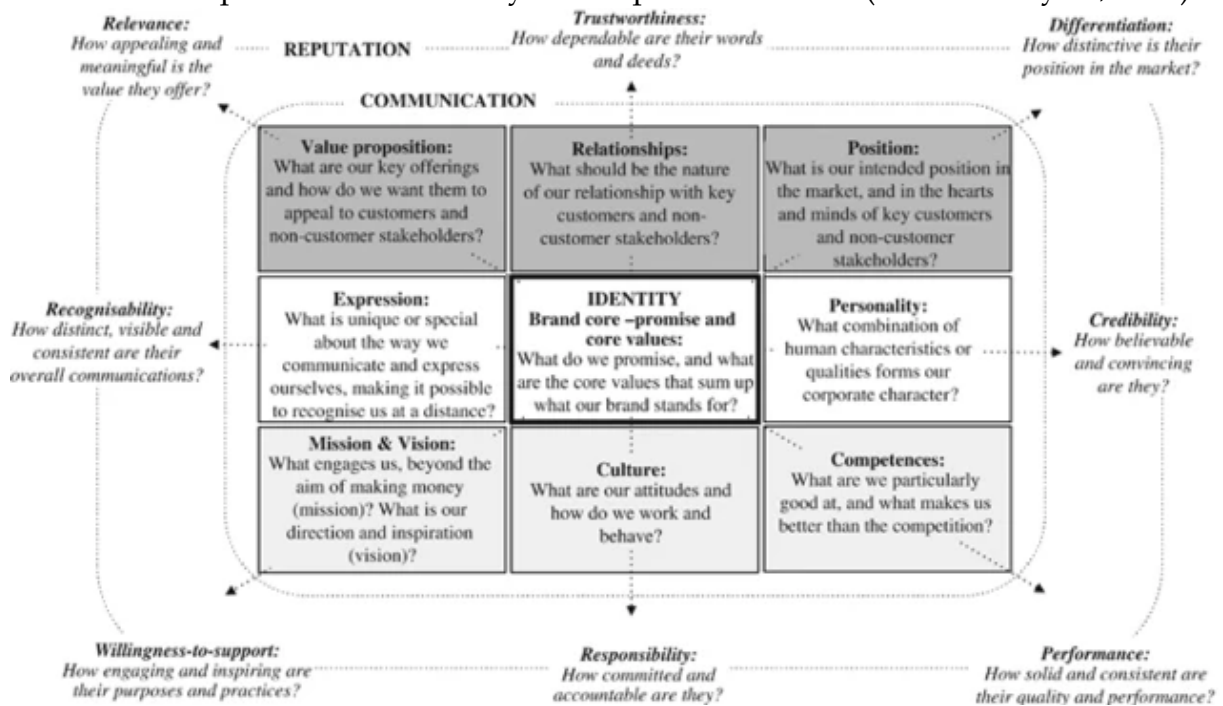
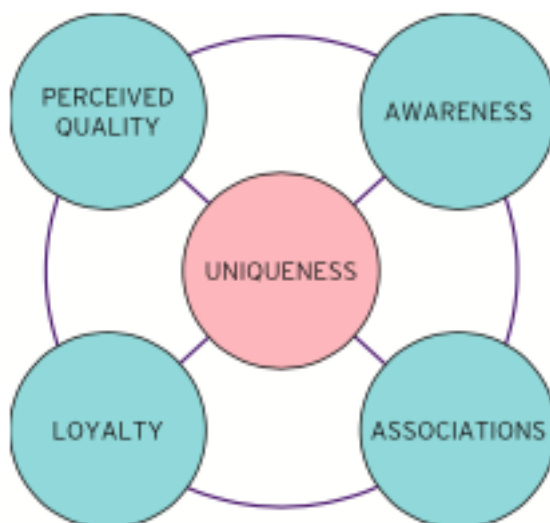


Exhibit 2 - The dimensions of brand equity (Roper & Fill, 2012).



Reflection

The Master Case is the grand finale of the master course Corporate Brand Management and Reputation held by professor Mats Urde. This is an assignment where the students have worked in groups of three, designing a Harvard-style academic case inspired by real-life business examples including managerial problems, decisions and solutions. The case was presented for the class where it served as a learning challenge for fellow students to apply course relevant gained knowledge and by the team working to reach potential solutions on the case. In consultation with professor Mats Urde this case about Corona beer during the Corona pandemic was formulated.

Designing a case and presenting it for fellow classmates was a new thing for the group. It was challenging to come up with a case to write about, we had to take on another approach when trying to come up with a topic to write the case about. This experience required us to think outside the box when designing the case and applying relevant learnings from the course and connecting the case situation to theory. We also learned to apply the corporate brand identity and reputation matrix to a real-life case which was very useful. Furthermore, we have broadened our knowledge regarding corporate brand management and reputation, brand equity and crisis management. Other than that we learned how issues can emerge that were not to be expected and that it can be beneficial to address these issues although the corporation has no real connection.

At first sight the changed situation of designing an assessment for students instead of being one of the students to solve the case was unfamiliar. This change from student to case writer was a new experience for the whole group, which we tried to take advantage of and make the most out of. We have tried to be creative and create a case as interesting and exciting as possible for our fellow classmates. The change of perspective was difficult at first when trying to change the style of writing. From a very academic way of writing to involving more storytelling and trying to create an entertaining case with a lot of insights and knowledge to be acquired. Furthermore, we decided to try to find a case related to the corona pandemic as this is something everybody can relate to at the moment. This is where we came up with the idea of looking at the rather unfortunate coincidence between the corona pandemic outbreak and the name of the Corona beer.

A challenge that we came across was how the product brand Corona was affected by the coronavirus and how that in turn would affect the corporate brand, Constellation Brands. Since Corona is a product brand and Constellation Brands is the corporate brand behind Corona, it was not as affected as we first thought. If they would have shared the same name, we believe that it could have been more affected by the situation.

Another challenge finding relevant management decisions to link to theory was because of Constellation Brands passiveness towards the situation. They did not do any drastic changes or statements more than addressing the situation and explaining that they were not involved with it and that they had full confidence in the consumers understanding that. Therefore, the applicable theory became limited as the management decisions were very few.

When summing up our perception about this kind of unique assignment the group agrees that it has been a very interesting and developing mission to create a case of this unique kind. The possibilities of addressing a real-life business case with our perspective and creativity are what we want to highlight as the best part of creating this case. Furthermore, we can see the learnings from digging deeper and investigating this case and how we can take this knowledge into our future careers as brand managers.

References

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