

CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES



A Case of Corona

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Corporate Brand Management and Reputation: Master's Cases

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

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A Case of Corona

WRITTEN CASE

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A Case of Corona

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“34 people have now tested positive for coronavirus in the United States”

Jim Sabia has just walked out of his office when he overhears the news broadcast from the TV in the hallway. It's a report with the latest updates from the Center for Disease Control on the new virus from China. Hoping to be able to put work out of his mind during the weekend, the words fall hard on his ears as they tell him that this hope is almost certainly in vain. Jim Sabia is the chief marketing officer at Constellation Brands, the company responsible for the marketing, sales and distribution of Corona beer in the United States. In the last few weeks, more and more of his time has been spent in meetings regarding the company's plan for the brand in response to this virus.

“Of all the things they could've named it, it just had to be corona”, Jim says to his assistant. He had just been looking at how this new virus that was spreading around the world happened to be given the exact same name as their most valued brand. Corona, meaning crown in Latin, was the name given to a newly discovered group of viruses in the 1960's, as their appearance under microscope resembled a solar corona. More so than the more specific medical terms SARS-CoV-2 or covid-19, the term 'coronavirus' was what caught on colloquially for the new virus. Corona beer, named after the Spanish word for crown, has been in production in Mexico since 1925. Trying to make sense of it, Jim continues: “We'd been around for over 40 years before they named it corona, and almost 100 years before this pandemic. How is it possible that it caught on?”.

The company is planning to launch a \$40 million marketing campaign for Corona hard seltzers on Monday, its biggest investment ever into a single brand. Whether to push ahead as planned, reevaluate the campaign based on the new circumstances or to postpone it completely has been the most heated question during the week. Jim sighs, walking towards the meeting room, realizing he still isn't sure what the next

step should be. He wonders for a second, thinking of whether his counterpart at another company, AB InBev, is having the same trouble in figuring out what to do. Due to anti-trust issues, the Corona brand does not belong to one single company, but to two. Constellation Brands owns the rights to the US market while AB InBev owns the rights in the rest of the world. In their marketing, both companies adhere to the brands historical positioning: a cool refreshing beer, evoking imagery of a paradise beach on a sunny day. However, while AB InBev focuses mainly on CSR and storytelling in their marketing, Constellation Brands focus primarily on the brand's sponsorships and its connections to music and sports. Jim considers whether this may impact the two companies in different ways in the current situation, as he approaches the conference room door.

Jim opens the door and is surprised to see who is sitting at the end of the table. Bill Newlands, the company's CEO, is attending the last meeting of the week, where a final decision must be taken concerning the upcoming launch. The meeting quickly turns into a heated argument between the attendants. Some advisors see no reason for concern: "Corona beer has been sold for almost 100 years, we have been the number one most imported beverage in the US for over 20 years and Forbes just ranked us the 63rd most valuable brand in the world. People *know* who we are, and they *know* that there is no connection between us and the virus. Besides, all publicity is good publicity. We're the name on everyone's lips. We should continue on as planned."

Others are far more cautious: "Aids diet chocolate had been sold for 50 years and had seen its most successful decade prior to the AIDS-epidemic broke out in the mid-eighties. By 1988 its sales had halved and by 1993 it was gone. In 2015 Isis Pharmaceuticals changed their name rather than going down the same path. If this virus turns out to be serious enough, we may need to consider doing the same. Experts are comparing it to the Spanish flu, which killed 50 million people worldwide a hundred years ago. The equivalent for today's population would be over 200 million people dead. Who would buy *anything* that shares a name with that? Until we know more, we need to take a step back, pause all marketing efforts and see where this goes before doing anything."

"As of now barely 2 400 people have died, that's less than 1% of how many people die of seasonal flu each year. Just think of the swine flu and the bird flu outbreaks, experts were saying the same about them, and barely anything came of them. Why would anything be different about it this time? This virus will have no measurable effect on the world and therefore no measurable effect on our brand or its sales. There's no reason to postpone or change anything."

"But we can't just ignore it! Google searches for "corona beer virus" and "beer virus" have skyrocketed since mid-January and the internet is being flooded with pictures and memes pointing out and making fun of our brand because of the shared name. Even if searches for 'corona beer' and the use of #coronabeer on twitter have increased as well, it's all just in connection to the virus! This is not a case of 'all publicity

is good publicity', the more we show ourselves right now the more people will associate us with the virus. Besides, if we're just going to show ourselves like everything is normal then people will either laugh at us or think we're insensitive to the people who are suffering from this virus."

The arguments go back and forth, with no clear consensus as to how to proceed. Finally, Bill speaks up. "It seems like we're aren't going to get any further in this discussion right now, and yet a decision needs to be made." Bill turns to Jim. "What's your take on this Jim, what do you think we should do?"

What strategy do you suggest the company adapts in their marketing of the Corona brand? Do you go forward with launching the campaign?