

A Case of Corona

MANAGEMENT DECISIONS

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.

Continuing as Usual - last week of February

The decision taken by the executives at Constellation Brands was to continue as planned. On Monday the 24th of February, the new hard seltzer campaign was launched. The campaign included advertisements across several media platforms, including television and the company's social media pages. Immediately, the company faced backlash. One specific ad, posted on the company's twitter account, drew large media attention for its particularly unfortunate phrasing of "coming ashore soon" (**exhibit 1**).

As the brand's image to a large extent was built on its association to the beach, the phrasing would under usual circumstances most likely not have been seen as problematic. However, as the ad was posted right as the spread of COVID-cases was surging across the world, its phrasing would be equally applicable to the coronavirus. The decision to launch the ad was seen by many as insensitive and in poor taste (**exhibit 2**). The unfortunate phrasing of the ad was picked up by many news outlets, as well as for example late night talk-shows such as *The Late Show with Stephen Colbert* (**exhibit 3**), spreading it further.

Despite the backlash, instead of removing this particular ad, Constellation Brands instead doubled down and clarified their stance on Thursday with posts on their website and their Twitter page. "Our advertising with Corona is consistent with the campaign we have been running for the last 30 years and is based off strong consumer sentiment," a spokeswoman said in an email to CNBC. "While we empathize with those who have been impacted by this virus and continue to monitor the situation, our consumers, by and large, understand there's no linkage between the virus and our business."

The company further assured its shareholders that the rumours of declining sales were categorically false, and that they instead were growing despite the virus (**exhibit 4**). To further reassure nervous investors, Constellation Brands also announced that a live-streamed presentation was to take place in the following week where executives would present the strong results and visions of the future of the company (**exhibit 5**). On the next day, Constellation Brands further reported an increased rate of depletion of their products at retailers, indicating a higher demand for their products, and that the Corona brand specifically contributed highly to this.

During this initial launch week, the Corona brand was featured further in media following a study made on the impact of the coronavirus on the consumption of

Corona beer. The study was made by PR agency 5W Public Relations and showed shocking results. The study claimed that due to the coronavirus, 38% of Americans wouldn't buy Corona beer under any circumstances. This was picked up by several major news networks such as CNN and was also relayed on *The Late Show with Stephen Colbert* and *Jimmy Kimmel Live!* The message seemed to clearly indicate that the Corona beer brand was going to suffer significantly due to the pandemic.

However, when scrutinized, it became clear that the method used for the study had misled the results. The 38% who had claimed they wouldn't under any circumstance buy Corona beer, were not asked this in context of the pandemic. Instead, it reflected how many people would not buy Corona beer for any reason. Among respondents who were regular drinkers of Corona, only 4% said they would stop drinking it because of the pandemic. But despite the falsity of the 38% claim, this piece of information is what reached the masses.

On the same day, The Independent also reported on poor sales for the brand in Asia, as a result of the lock down in China during the Chinese New Year. Another survey conducted by YouGov had also been published two days earlier, indicating a significant drop in the brands favourability rating as well as the lowest level of intent to purchase the brand among consumers in two years. This survey was picked up among others by CNN on the 28th, reporting on it along with the other survey. Overall, the narrative around the brand in the media was that the Corona brand was in dire straits.

The Silence Strategy - March

Despite a clear statement from Constellation Brands claiming that they saw no reason to make any changes to their marketing strategy, at some point in the following weeks, this changed. The "coming ashore soon" hard seltzer ad was removed from their Twitter account, along with any other posts as far back as February 16th. The YouTube-channel for Corona USA was created on February 18th, most likely in preparation for the upcoming campaign, but shows no uploads until April 30th. However, a video was posted to the channel on February 25th, an ad intended for marketing on TV-broadcasts, but was 'unlisted' which removes the video off their channel and from any search queries made on the website, effectively removing it (**exhibit 6**).

It is unclear exactly when Constellation Brands deleted all their most recent content. This is due to the company providing no communications regarding this decision. The underlying reasoning however is very clear, especially as the choice not to communicate the choice aligns with the strategy. Corona adopted the silence strategy. Instead of continuing their marketing as usual, the brand is to keep a low profile and not be seen more than necessary. The rationale could be that the Corona name is more likely to evoke thoughts of the virus than the beer, which would have a net negative effect for the brand. Further, as the severity of the outcome of the pandemic was still up in the air, taking a step back and laying low until more information was available may have been seen as the most sensible move.

A different explanation for why this decision was made could possibly be assigned to the negative backlash that the “coming ashore soon” ad had generated for the brand. However, this explanation seems less likely. It seems unlikely that the pressure from just this ad would have kept growing over time. Considering that they doubled down on their support of the ad four days after its posting, for them then to feel a need to backtrack on it at some point even further in the future seems improbable. Further, would not the removal of that particular ad rather than the cancellation of the entire \$40 million campaign be a more reasonable choice?

The backlash from the “coming ashore soon” ad, as well as the negative media attention and rumours of declining sales also coincided with a stock market crash stemming from growing fears of the effects of the coronavirus on the world economy. Constellation Brands saw a rapid decline in their stock price during this time, losing almost half its market value between February 20th and March 23rd (**exhibit 7**). Considering that all these events coincided, it seems like the most logical conclusion as to why the company chose to cancel the campaign and remove any recent marketing efforts was that an entirely new strategy to handle the evolving situation was deemed necessary.

The Advocacy Strategy - Late March to summer

After almost a month of no activity on Corona’s Facebook and Twitter pages, a post was finally made on the Facebook page on March 28th. In the post the company announced a \$1 million donation to the Restaurant Employee Relief Fund. This is a charity that was established to help workers in the restaurant industry who had suffered hardships as a result of the pandemic. The same announcement was made on the brand’s Twitter page on April 9th (**exhibit 8**), almost two months after the most recent remaining tweet was posted. Until mid-august, all posts on the brand’s Facebook and Twitter pages were connected to this donation or regarding new donation efforts by the brand.

Considering that the donations were announced as donations from the Corona brand, rather than the Constellation Brands corporation, this act is a clear indicator of the adoption of an advocacy strategy for the brand’s marketing, focusing on CSR. Instead of ignoring the pandemic, the Corona brand was now taking an active stance against it. This was made especially clear by the choice of charity, one relevant both to the brand and to the pandemic. The reasoning for making this choice may be in hoping for a change in the association that some were making between the Corona beer and the coronavirus, to an association of the Corona beer fighting against the coronavirus.

In adopting a CSR-based strategy, Constellation Brands were inadvertently emulating the strategy of AB InBev, the company with the rights to the Corona brand outside of the US. However, as their strategy was already based primarily on CSR and storytelling, there was no need for them to change their strategy. As Constellation Brands were launching their hard seltzer campaign, AB InBev were in the midst of launching their own new campaign with a film about underwater diving in Indonesia. While Constellation Brands faced backlash, AB InBev were able to launch their

campaign without any problems and continued producing and releasing their marketing content throughout the pandemic (**exhibit 9**).

One explanation for how AB InBev's storytelling marketing managed to succeed was that it already leaned more towards an advocacy-based strategy, focusing more on things outside the brand rather than on the brand or the product itself. The fact that Constellation Brands so clearly adopted the CSR focus during the time when the brand was in crisis, while largely ignoring it before the crisis, indicates a much more opportunistic approach to CSR and may come across as untrustworthy in the eyes of consumers who take note of it. AB InBev's storytelling and CSR marketing would on the other hand likely come across as much more genuine and trustworthy for the Corona brand.

The marketing campaign also likely achieved another end for Constellation Brands. In investing in marketing efforts on the Corona brand's behalf, it showed investors that the company believed in the future of the brand enough to invest in it themselves. Although the pandemic was turning out to be very serious, it may during the spring however have become clear that it was turning out to be far from the worst case scenario, such as a death toll equivalent to the Spanish flu. This, along with dividend payments unchanged from the previous year and a stabilizing higher stock price, likely reassured investors that there was no longer any cause for alarm regarding the brand's potential future. This reassurance of the brand's future likely also influenced the next change in marketing strategy that was made for the brand.

Back to Business-as-Usual - August to now

During the summer, the Corona brand yet again seemed to keep a low profile in terms of marketing efforts. On Twitter, the last post aligning with their CSR-strategy was made on May 20th (**exhibit 10**), and no other posts were made until mid-August. Whether this silence was deliberate or not is unclear, but as summer is the time of year most relevant to the Corona brand's positioning it is noteworthy. The silence lasted until mid-August, when a new major campaign was launched, seemingly indicating yet another change in strategy. Perhaps the plateau in new cases of the coronavirus that started in late July (**exhibit 11**) gave the company a sense of security. Perhaps newer sales figures reassured them that the impact of the pandemic hadn't really been significant for the brand. Perhaps the stock price had stabilized enough to give executive management room to breathe (**exhibit 7**). Regardless, it is evident that the company's mindset was no longer in crisis mode.

The new campaign was launched with a number of different ads posted across the brand's Twitter, Facebook and YouTube pages. The tagline, 'La Vida Más Fina' meaning 'the fine life' in Spanish, featured in a number of ads of American rapper Snoop Dogg enjoying Corona beer on a tropical beach (**exhibit 12**), signified a clear return to the brand's core imagery and positioning. A few days later, the brand's Twitter page resumed an almost daily posting of tweets connected to the brands involvement in sports and music sponsorships (**exhibit 13**), just like was done before the outbreak of the pandemic. These new marketing efforts were a clear indication of a 'back-to-business as usual' mindset for the brand's marketing.

As of February 2021, the company has continued with the same type of marketing content and seemingly with the same underlying strategy. With vaccines going out and the world preparing for a return to normal in the near future, Constellation Brands seem to have decided on the way forward for the brand in the future. While their apparent changes in strategy during the initial phases of the pandemic indicate there was some worry for the brands future, their reversal to business-as-usual seems to indicate that they see no need for worry about the brands long-term prospects. The reason for why Corona looks like they will be able to survive while Ayds chocolate went under and Isis Pharmaceuticals were forced to change is most likely just due to the superior brand equity of the Corona brand. What the consequences of the coronavirus will be for the Corona beer brand in the long-term remains to be seen, but at this point in time, it does not seem like Constellation Brands see the need for any major changes to their marketing strategy.

Exhibit 1 Corona hard seltzers announcement on Twitter



Exhibit 2 Consumers' response to the Corona hard seltzers campaign on Twitter



Exhibit 3 The “coming ashore soon” ad featured on *The Late Show with Stephen Colbert*



The image shows Stephen Colbert sitting at his desk on the set of *The Late Show with Stephen Colbert*. To his left is a large advertisement for Corona Seltzer. The ad features the text "COMING ASHORE SOON." at the top, followed by "0g CARBS | 0g SUGARS | 90 CALS". Below the text are four cans of Corona Seltzer in different flavors. The background of the ad is a blue sky with a white contrail, suggesting a ship or plane coming ashore. Colbert is wearing a grey suit, a white shirt, and a dark tie, and is looking towards the camera with a neutral expression.

#Colbert #Comedy #Meanwhile
Meanwhile... Corona Hard Seltzer Launches At The Worst Possible Time
1 308 147 visningar · 4 mars 2020
18 202 933 DELA SPARA ...

Exhibit 4 Constellation Brands urges to disapprove media gossip



The image is a screenshot of a Twitter post from Constellation Brands (@cbrands) dated February 28, 2020. The post features the Constellation Brands logo, which is a blue square with a white star and a white contrail. The text of the tweet reads: "With Corona Extra sales up 5% per the latest 4-wk period, our beer business continues its strong performance despite unfounded claims about the impact of COVID-19 on the business and consumer sentiment. Full release: bit.ly/2TmhGHO". The tweet has 3 replies, 44 retweets, and 63 likes. The background of the tweet is a dark blue space-themed image with stars.

Constellation Brands @cbrands · Feb 28, 2020
With Corona Extra sales up 5% per the latest 4-wk period, our beer business continues its strong performance despite unfounded claims about the impact of COVID-19 on the business and consumer sentiment. Full release: bit.ly/2TmhGHO
3 44 63

Exhibit 5 Constellation Brands announces investors meetings



Exhibit 6 Youtube video unlisted from the Corona USA Youtube-channel

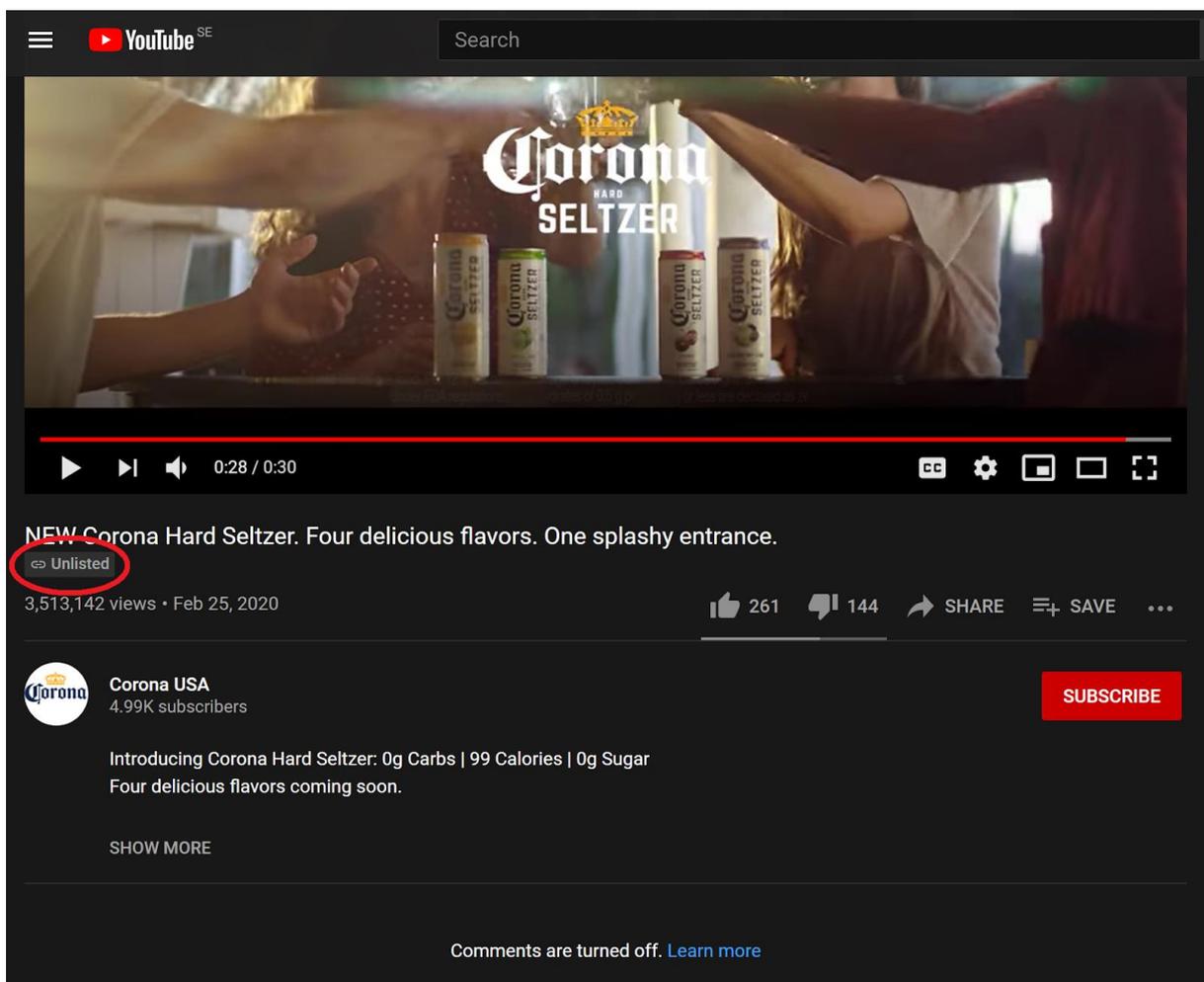


Exhibit 7 Constellation's stock value over 52-week period



Exhibit 8 Corona announcing a \$1 million donation on Twitter

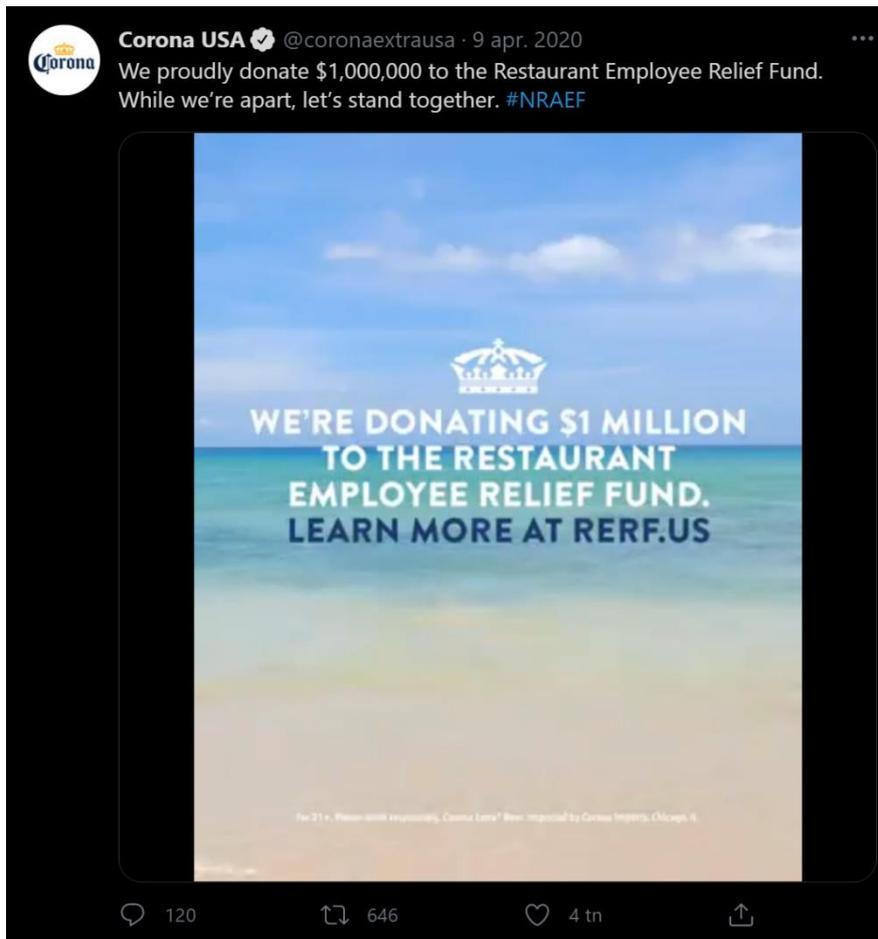


Exhibit 9 AB InBev's posts on Twitter

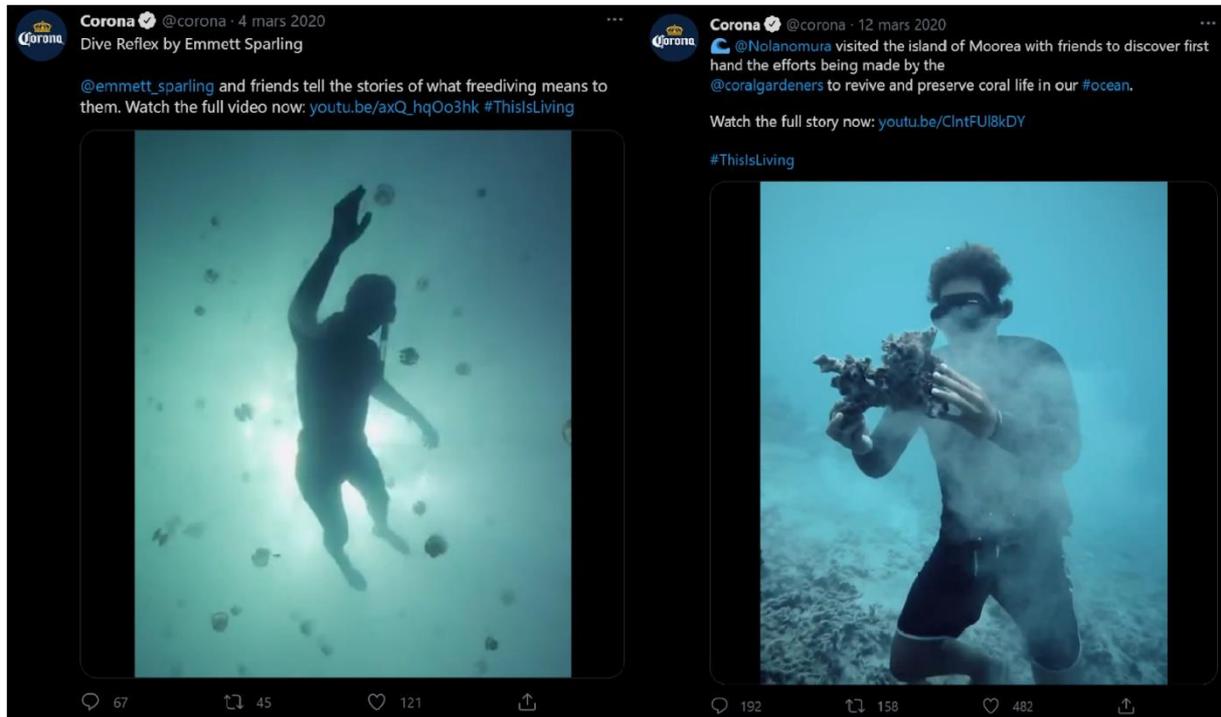


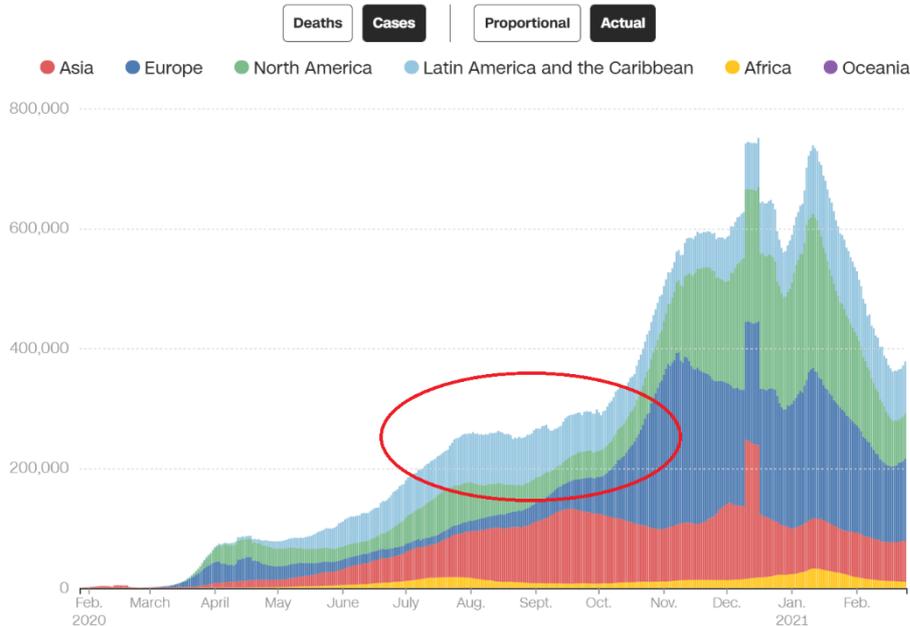
Exhibit 10 Corona USA's last CSR-related Twitter post



Exhibit 11 Chart on new covid-19 cases, highlighting plateau starting in late July

Daily deaths and cases by region

This chart uses rolling, seven-day averages. This approach makes trends clearer and smooths out anomalies, such as the lack of reporting during the weekend.



Regions are based on United Nations definitions. Americas have been broken down into subregions (Latin America and the Caribbean and North America).
Last updated: February 25, 2021 at 10:45 a.m. ET
Source: Johns Hopkins University Center for Systems Science and Engineering

Exhibit 12 Youtube video of new ad featuring Snoop Dogg

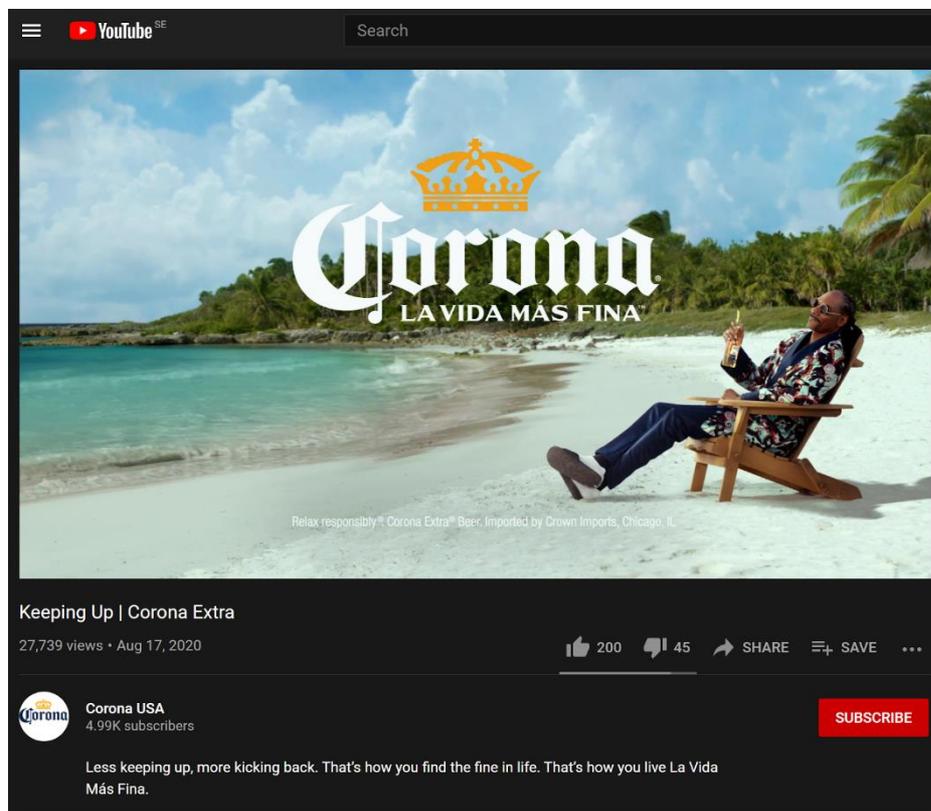


Exhibit 13 Corona Twitter posts on sports and music

