Cadbury’s Summer Salmonella Scare

Major brands are not immune to the need for crisis management. Cadbury’s product recall over the summer highlighted the challenges faced by food manufacturers trying to maintain production quality.

Ineffective quality assurance

Cadbury first became aware of traces of salmonella in some of its products as long ago as January of this year, but waited six months before informing the health authorities. A report from the Food Standards Agency criticised Cadbury’s approach to product testing and risk assessment as being “out of date”. A spokesman for the company apologised for the concerns caused to consumers by the quality assurance procedures used in its manufacturing.

Cadbury chief executive, Todd Stitzer, confirmed that the negative impact on consumer confidence caused by the contamination had led to a reduction in the firm’s market share of approximately 1 per cent. The final cost to the company is estimated to be in the region of £20m – half of which relates to the product recall, with the other half going on increased advertising and improvements to the manufacturing process.

Brand resilience

Despite the short-term impact on the company’s performance, the salmonella contamination is unlikely to cause any major problems for Cadbury’s in the long term, according to brand valuation agency, Intangible Business.

“Brands are more resilient than reputation and it will take some doing to dislodge a brand that has been the nation’s favourite for 150 years,” commented IB consultant, William Grobel.

Meanwhile, Mr Stitzer confirmed that the company would be launching a series of new chocolate products, supported by a major advertising campaign, in the UK in the near future, including a new lighter bar, known as Cadbury’s Highlights Chocolate.