



Starbucks® Coffee

Crisis Management Plan

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Introduction to Starbucks Crisis Management Plan:

The purpose of a Starbucks Crisis Management Plan is to communicate the needs of the company to important members of the Starbucks organization as well as members of the community. A crisis can consist of a variety of occurrences and can come on suddenly with no warning. The crisis plan will guide our organization and its partners in the event of a crisis to allow for the quickest recovery with the least amount of damage done to the organization, the brand and the community.

The crisis plan is used not only to deal with a crisis but also to help prevent and avoid any such crisis from ever occurring.

The following crisis management plan contains the company's course of action for the three most likely scenarios. The scenarios can apply to situations beyond their circumstance and are used as guidelines based on industry research. As with any crisis, good judgment is needed in order to tackle crisis that occur. In the event of any crisis, regardless of its nature, the following principles should always be upheld when addressing the media, stockholders, consumers, and employees.

Starbucks Principles:

- Provide customer service that develops satisfying relationships with our customers.
- Embrace the changing ways of our community and strive to impact the environment in a positive way.
- Maintain a level of commitment to our brand that creates a successful organization.
- Maintain a high level of standards when delivering, roasting, and distributing our coffee.



Company History:

Starbucks Corporation (Starbucks), established November 4, 1985, is a roaster, marketer and retailer of coffee operating in 60 countries.

The Company operates in four segments:

- Americas; Europe
- Middle East; Africa (EMEA)
- China; Asia Pacific (CAP)
- Channel Development

The Company purchases and roasts coffees that it sells, along with handcrafted coffee, tea and other beverages and a variety of fresh food items, through company-operated stores. The company also sells a variety of coffee and tea products and licenses its trademarks through other channels, such as licensed stores, grocery and national foodservice accounts.

In addition to its flagship Starbucks brand, its portfolio also includes:

- Tazo[®] Teas
- Seattle's Best Coffee
- Starbucks VIA Ready Brew
- Evolution Fresh
- La Boulange Bakery brand
- Verisimo System by Starbucks

As of September 30, 2012, it operated 9,405 Company-operated stores and 8,661 licensed stores. On July 3, 2012, the Company acquired 100% interest in Bay Bread, LLC and its La Boulange bakery brand (La Boulange). On November 10, 2011, the Company acquired Evolution Fresh, Inc. In February 2013, Tata Coffee Ltd and the Company inaugurated a roasting and packaging plant in Karnataka. Named after a character in the classic story of Moby Dick, Starbucks Coffee has emerged as the world's leader in retail, roasting, and branding of specialty coffees for millions of customers worldwide since its 1971 founding in Seattle's Pike Place Market in the state of Washington.



Products & Services:

With an eye for convenience and a passion for quality, Starbucks Coffee Company has earned the reputation for providing only the highest quality Arabica beans, roasted by expert roasters into an exquisitely blended balance of flavor at convenient drive-thru or off-highway stores, or in highly frequented establishments such as travel plazas, colleges, or airports. Starbucks also recognizes the desire for a relaxing atmosphere, and Starbucks Entertainment of fine music, books, and film are available for pleasure or purchase at stores, online, and iTunes.

The Starbucks brand has grown beyond coffee, we proudly offer:

- Tazo Teas
- Ethos Water
- Frappuccino® and Frappuccino® Light blended coffees, as well as Frappuccino® juice blends.
- Espresso Machines
- Coffee Presses
- Starbuck's Branded Merchandise including mugs, prepackaged snacks, meals, and tumblers.
- Bakery items
- Starbucks VIA Ready Brew
- Verisimo System by Starbucks
- Starbucks Refreshers



Target Audience:

"You get more than the finest coffee when you visit... you get great people, first-rate music, a comfortable and upbeat meeting place, and sound advice on brewing excellent coffee at home."

-Howard Schultz, CEO

Starbucks positions the brand towards consumers of any age, sex, or culture. We pride ourselves on being a diverse company that specializes in quality products and customer service. We are constantly expanding on our products and services to bring new ways people can enjoy their coffee and their time. Starbucks is an environment that exudes an experience not just a delivery mechanism for coffee. We encourage our employees to engage with customers and for customers to engage with one another, reinforcing and strengthening the community. Coffee is a commodity that is enjoyed all over the world. The Starbucks brand focuses on the following markets:

Men and Women aged 25-40

- 49% of total business.
- Influences the design aesthetic, advertising, and decor

Young adults aged 18-24

- Total 40% of Starbucks' sales
- Starbucks as a place for college students to be able to come and do homework, study, work on creative projects and meet people.
- Grows on average 4.6% each year
- Wi-fi and Social Media deals

Kids & Teens

- 2% of customers and sales
- Kid friendly beverages are offered.



Starbucks Company Goal:

“Our mission: to inspire and nurture the human spirit – one person, one cup and one neighborhood at a time.”

Here at Starbucks, it is all about quality. Starbucks strives for excellence and taste in roasting the highest quality Arabica bean and Robusta coffee in the world. The company's passion is expressed throughout its products and being the best part of the day for its customers, from the very first sip.

As a global company, Starbucks goal is to make sure each location is part of the neighborhood in which it is. Starbucks is a place for people to gather and offer a “cup of coffee with an outstretched hand.” Since Starbucks first opened, its responsibility is to make a positive impact with its coffee in each neighborhood in which its customers reside. As brand growth has become so exponential, the company hopes it can use the increase in growth to make everyone thrive.

On a global scale the company hopes to energize its partners and stakeholders along with its customers, suppliers, and non-profit partnerships. Starbucks also hopes to keep expanding in new directions in 2013.

To maximize its growth and potential, the Starbucks brand also hopes to minimize its environmental footprint and help its farmers and independent suppliers run their businesses in an environmentally friendly way. Starbucks’ global responsibility report was to reflect on the impact it made on 2012, and hopes to continue to make a difference within the future.



Market Standing & Assets:

- Starbucks Co. portfolio, which also includes Seattle's Best Coffee®. Co. has four segments: Americas; Europe, Middle East, and Africa; and China/Asia Pacific; and Channel Development.
- At September 30 2012, Starbucks had 9,405 company-operated retail stores and 8,661 licensed stores with approximately 160,000 employees working full-time at those stores. As of May 6, 2013 there was a total of 21,913 shareholders, with shares being \$62.42 a share



(Current Stock Price and figures according to marketwatch.com)



Market Standing & Assets Contd.:

- In the Americas, 351 licensed stores were opened in fiscal 2012, and 81 licensed stores were closed in fiscal 2012. In EMEA, 139 licensed stores were opened in fiscal 2012, and 38 licensed stores were closed in fiscal 2012. In CAP, 354 licensed stores were opened in fiscal 2012, and 60 licensed stores were closed in fiscal 2012. In fiscal 2012, 279 Company-operated stores were opened in the Americas and 45 stores were closed in fiscal 2012. In EMEA, 27 Company-operated stores were opened in fiscal 2012, and 17 stores were closed in 2012. In CAP, 161 Company-operated stores were opened in 2012, and 7 stores were closed in fiscal 2012.
- The Company generates its revenues through Company-operated stores, licensed stores, consumer packaged goods (CPG) and foodservice operations. Revenue from Company-operated stores accounted for 79% of total net revenues in fiscal 20



Liabilities:

Starbucks strives for immediate action and outreach to all parties that may be affected should a crisis occur within the company. Starbucks focuses on people who are both directly and indirectly affected by a given crisis and centers its strategy within the limits of the company and with the goal of minimal backlash.

Starbucks places the utmost importance on the safety and well being of its partners, which is the brand's top concern during an emergency situation. The company strives to send live information throughout its departments as soon as possible to reassure its partners that they are the heart of each operation within the Starbucks brand.

- Direct knowledge and regulate accurate information flow
- Communication systems are of key importance
- Email blasts and newsletters
- Social media
- Starbucks meetings with partners and crisis team

Starbucks customers are advised to remain calm as the company works to take immediate, appropriate and effective steps to protect its customers and the business. Starbucks manages information to flow at a quick and effective rate, to address any concerns or questions that its customers may have in order to keep fear and panic levels at a minimum. We work to assure the community the following:

- Accurate knowledge of the event.
- A commitment to control & containment of any issue or crisis.
- A truthful report to news media.

Confidentiality:

All employees and partners may come in contact with sensitive information in regards to the Starbucks brand. All information is for the use of performing duties in line with the employment agreement and individuals privileged should exercise caution when discussing daily or delicate matters with any members of the public or media.

Certain information is only to be used to perform daily tasks and duties. Only designated personnel should be handing communication to the media or any outside person/s. No employee of Starbucks should ever take it upon oneself to contact members of the media in regards to activities or information that one is privy to through employment.



Key Stakeholders:

Starbucks Corporation, in the event of a crisis, needs to communicate to the following individuals:

Stockholders:

- Stockholders generate profit and control a certain amount of expenses for the company. –
 - **Impact:** Media influencers; contribute financial stability
 - **Expectations:** Need to provide access to information regarding crisis & its severity

Partners:

- Partners are concerned with fair treatment and stability within the economic market.
 - **Impact:** Contact with customers; independently managed
 - **Expectations:** Need to provide support from corporate, fair wage and treatment of employees.

Customers:

- Customers voice influences the way the brand is perceived by the public.
 - **Impact:** source of profit; media influencers
 - **Expectations:** safe, quality products, availability, consistency

Suppliers:

- Starbucks purchases from ethical sources that continue to maintain ethical practices.
 - **Impact:** supply encourages business success
 - **Expectations:** fair price and ethical treatment

Store Chains:

- Starbucks strives to maintain a consistent brand image and experience at all chains.
 - **Impact:** allows for marketing to a broad audience
 - **Expectations:** consistency and quality

Government:

- Protects the consumer through national regulation.
 - **Impact:** influential to public, regulatory demands can lead to unforeseen changes
 - **Expectations:** compliance, maintain integrity with the community & environment



Key Stakeholders Cont.:

Social/Environmental groups:

- Starbucks positions itself as socially and environmentally conscious.
 - **Impact:** views have a global influence
 - **Expectations:** assurance of ethical, responsible practices that promote environmental safety and protection.

Media:

- Starbucks strives to be honest and forthright in its communications with the media.
 - **Impact:** rapid connection and influence to the public
 - **Expectations:** accurate reporting of news

Competitors:

- Starbucks provides the best quality coffee to consumers and establishes foundations to build relationships in order to compete in the food and beverage market.
 - **Impact:** potential to draw consumers away from Starbucks
 - **Expectations:** ethical practices that promote ethical competition.



Starbucks Board of Directors (Executive Staff 2013):

Howard Schultz
Starbucks
founder, chairman, president and chief executive officer

William Bradley
Allen & Company LLC
managing director

Robert M. Gates
former Secretary of Defense

Mellody Hobson
Ariel Investments, LLC
president

Kevin Johnson
Juniper Networks, Inc.
chief executive officer

Joshua Cooper Ramo
Kissinger Associates
vice chairman

James Shennan, Jr.
Trinity Ventures
general partner emeritus

Clara Shih
Hearsay Social, Inc.
chief executive officer

Myron Ullman, III
J.C. Penney Company, Inc.
chief executive officer



Important Contacts:

Starbucks Corporate Office & Headquarters
2401 Utah Ave.
South Seattle, WA 98134
Phone: (206) 624-9496

Starbucks Headquarters:
17850 Newhope St. Ste 101
Fountain Valley, CA 92708
Phone:

Investor Relations:
JoAnn DeGrande
Phone: (206) 318-7118
investorrelations@starbucks.com

Customer Relations Team:
PO Box 3717
Seattle, WA 98124-3717
Phone: (800) 23-LATTE
Email: www.Strabucks.com/customer

USDA Food Safety and Inspection Service
Policy Development Division
Phone: (402) 344-5000
Fax: (402) 344-5005
Hotline: 1-800-233-3935

U.S. Food and Drug Administration
10903 New Hampshire Avenue
Silver Spring, MD 20993
Ph. 1-888-INFO-FDA (1-888-463-6332)

Crisis Control Center- Starbucks
123456 Coffee Cup Ln.
Espresso, ND 64636
1-800-HOT-LINE



Internal Media Contact Information:

Global Media Inquiries:

Phone: (206) 318-7100

Email: press@starbucks.com

U.S. and Canada Media Inquiries:

Phone: (206) 318-7100

Email: press@starbucks.com

Australia, Indonesia, Malaysia,
New Zealand, Philippines, Singapore,
South Korea and Thailand

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Africa Media Inquiries:

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Greater China Media Inquiries:

Phone: +86 21 2412 5820

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Phone: +81 3 5412 7032

Latin America Media Inquiries:

Phone: (206) 318-7100

Email: pressla@starbucks.com

U.K. and Ireland Media Inquiries:

Phone: +44 20 8834 5164

Email: ukpressoffice@starbucks.com



Incident Report Forms

The objective of the incident report form, crisis log sheet and employee acknowledgement form is to provide a method to record and analyze developments of the crisis as they are occurring. Critical opportunities to rectify a problem may be lost if proper steps are not taken to record the information and ensure that all Starbucks employees are aware that such forms exist and are required for any issue. The press release template is included but is not for use only by members of the crisis management team, management officials or anyone designated by Starbucks to deliver information to the media and or/public.

- **Incident Report Form**
 - This form is used first to record the known details of the crisis. It should be used in all crisis situations and turned into management. Documentation of issues, no matter the severity, will help in the prevention of future crisis.

- **Crisis Log Sheet –**
 - This form is used to monitor incoming and outgoing calls that relate to any projected or actual crisis. This form should be filled out and analyzed daily. Any report that could pose an immediate or potential threat must be reported to upper management immediately.



Incident Report Form:

Incident Report Form

Crisis Team Member(s): _____

Date: _____ Time _____

Media Contact/Informant: _____

Channel: _____

Date of Incident: _____ Time of Incident: _____ Location of Incident: _____

Message: _____

Partner(s) of Concern

Contact Information

Partner Contacted? Yes _____ Date _____ Time _____ No _____

Mitigation/Action Response:

Recovery Actions:

If unable to abate immediately, conduct an incident analysis for recovery actions.



Leave blank for Crisis Log Sheet.
Saved in separate PDF.
Need blank sheet to keep the page numbers in line.

Print this page and discard.



Risk & Vulnerabilities:

Based on industry research the following studies show possible vulnerabilities in the areas the crisis management team has deemed “potential threats” most likely to apply to the Starbucks organization.

Starbucks strives to maintain a positive brand image within the community. Assessment by the crisis management team has placed excess vulnerability, within the Starbucks brand and in large-scale companies providing perishable and non-perishable consumer goods, has led Starbucks to place the greatest risk in the following areas:

1. Food Mislabeling

Any and all food-mislabeling crisis that represents a threat to public safety will be announced to the media as soon as the threat is confirmed. Starbucks will do everything in its power to reach any and everyone that could be potentially put at risk.

2. Government Regulation:

Starbucks will adhere to the laws and regulations set forth by the government. Starbucks will continue to provide the highest quality goods and services to its loyal consumers, however, the needs and wants of the consumers may not fall in line with the needs and wants of the government. Starbucks will adhere to regulations while doing its very best to still maintain the consistent quality that the consumers are accustomed to when associated with the Starbucks brand.

3. Disgruntled Employees:

The hiring process at Starbucks is strict and thorough. We provide extensive training to ensure that employees of the Starbucks Corporation are happy and treated with respect. We want employees to represent the brand with honesty, integrity and in a manner that is consistent with our mission statement and company goals. The company cannot control the actions of employees and understands that the attitudes and actions of those representing Starbucks can harm the brand and promote a negative image to the public. The prevention of these situations is a high priority. Starbucks, in the event of a crisis, will take action against any employee that attempts to harm the brand.

Starbucks is constantly scanning the environment for risk and goes to great lengths to ensure that all employees and corporate staff are prepared to handle any type of emergency.

As issues arise, Starbucks will post information, media alerts, and press release through our Newsroom that can be found on our company website at starbucks.com.



Crisis #1: Food Mislabeled



Crisis: Food Mislabeled

Starbucks strives to meet the highest standards when serving food and beverages to its clients. The trust of our loyal consumers is of the utmost importance to our success and future success as a brand. We are dedicated to providing all necessary information about our ingredients to consumers. The crisis management team scanned the industry patterns for food mishandling and determined the following goals and objectives for the Starbucks brand to maintain in the event a crisis of this nature occurs:

Goal:

To the best of its ability, Starbucks is dedicated to providing information that is accurate and timely when ingredients and products that are of sub-par quality or condition have reached or were at risk of reaching any consumer.

Objectives:

- To follow the guidelines Starbucks sets to deliver quality products that meet safety and standard FDA food regulations.
- To contain the crisis or contamination, if one should occur, to limit or prevent the number of consumers affected by any such contamination.
- To notify the public in the event of a crisis as soon as the details of the crisis are confirmed.



Case Study #1: Taco Bell Found Horse Meat in Products

Problem:

On March 2, 2013, Taco Bell chains in Britain & Spain were tainted with horse meat in their tacos that caused a major crisis (Thescientist.com). After local supermarkets had come across burgers that contained horsemeat, the UK's Food Standards Agency (FSA) requested that meat be checked in local chains, Taco Bell was one of them. The products sold by Taco Bell are advertised as ground beef but as much as 10 percent of the meat in affected chains were confirmed to be horsemeat DNA (Thescientist.com). Horsemeat is cheaper than beef, which is the speculated cause of this recent crisis. The issue spans beyond just the Taco Bell chain and many other locations within Europe have sold meat that tested positive for equestrienne DNA.

Strategy:

The Taco Bell brand is not as widespread in Britain as in the United States making the containment of the crisis a high priority. Taco Bell acknowledged that horsemeat was found in its products in the Europe and assured that the meat supplier used to service the locations in Britain are not the same as those that distribute to the U.S. locations. Taco Bell made the following statement. "We apologize to our customers and take this matter very seriously as food quality is our highest priority." Taco Bell acknowledged that the horsemeat was in their product and apologized for the crisis. They assured consumers that the importance of quality and consumer satisfaction is of the utmost importance. BBC reported that the supplier was located in the UK but no name was mentioned.

Solution:

Taco Bell sent Business Insider the following message: "Our domestic restaurants have not been, and will not be, impacted because we do not use any meat from Europe. We stand for quality and we use 100% premium beef. Like all beef in the United States, ours is USDA inspected and then passes our own 20 quality checkpoints." Taco Bell apologized and acknowledged that the meat found was from a horse. They made sure to remind patrons that they hold their food quality in the highest regard and contain the crisis. The 5,600 Taco Bell chains in America could have been adversely affected had they not been adamant about containment of the crisis. They pointed out that they do not willingly or knowingly provide horsemeat to its consumers. They tied their strategy in with an industry expert (USDA), to reassure patrons of their food quality.



Case Study #2: Starbucks's Uses Food Coloring Containing Beetles

Problem:

The dye used in food and beverage items at Starbucks to give a brightly colored reddish hue is derived from tiny crushed beetles. The dye, known as cochineal dye, is used in many other products such as lipstick, yogurt and shampoo (csmonitor.com). The use of this dye makes the consumption of these food or beverage items not vegan-friendly. A petition started on Change.org that prompted Starbucks to reformulate the products containing this dye with a replacement using lycopene, which is derived from tomatoes (csmonitor.com).

Strategy:

Starbucks acknowledged that the dye used in certain products contained the cochineal dye. However, the dye is used frequently in many companies and products so Starbucks did not apologize for the use of this ingredient but reported that the company underwent a thorough evaluation and decided to remove it from the ingredient list. The Change.org petition had received a lot of attention and with over 6,000 signatures gathered, which was the main motivation for Starbucks to make the change. Starbucks, in keeping accordance with their mission statement and drive to be environmentally friendly, decided to head the potential crisis head on and rectify the problem before it received any more negative attention from consumers or the media. Starbucks acknowledged the issue and then used bolstering and corrective action to move forward with the change.

Solution:

Starbucks identified a specific time frame in which the new reformulated beverages can be expected in store- June 2013. The Starbucks Company took notice of the influx of negative feedback for the use of cochineal dye and announced the change on their company blog. The evaluation and consideration of feedback from loyal consumers prevents the issue from becoming a crisis or creating any negative media attention.

The Wall Street Journal reported that the company's U.S. president, Cliff Burrows, said that "after a thorough, yet fastidious, evaluation, I am pleased to report that we are reformulating the affected products to assure the highest quality possible."



Case Study #3:

Ikea Pulls Almond Cakes Containing Fecal Matter

Problem:

According to TIME, Ikea stopped sales of their almond cakes after Chinese customs authorities found traces of fecal bacteria in the product on March 5, 2013. It was pulled from Ikea stores in 23 countries. The cakes were imported from Sweden. According to the Wall Street Journal, the bacteria found was coliform bacteria, which can be found in soil, feces, vegetation and everyday human environments. Time Magazine reported findings from a microbiologist at the Swedish National Food Agency, Mats Lindblad, said coliform bacteria "could be an indication of fecal contamination though not always." 1800 almond cakes were contaminated but none of the items ever reached their original store destination in Shanghai.

Strategy:

Ikea acknowledged that there were excess traces of the coliform bacteria. They stated that the levels were above their standard regulation levels but that they were not high enough to create a serious health risk, however, they still recalled and destroyed the batch as a precautionary measure to ensure the public safety. They took corrective action but did not apologize. Their PR team took immediate control and isolated the issue to the exact number of cakes infected, acknowledged the issue and informed the public of exactly what happened and where.

Solution:

Ikea was also involved in the horsemeat crisis making this a large issue for them. They had decided not to apologize for the crisis in order to prevent admitting fault in potentially posing a food safety threat to the public but admitted fault in allowing the issue to arise in the first place and took action to prevent the items from ever reaching a consumer. They notified the public that the levels found were above regulation but not harmful. In doing so, they establish that they are knowledgeable on food safety and what will and will not pose a dangerous threat.



Case Study #4: McDonald's Sued For Use of Beef Fat in French Fries

Problem:

In 2001, McDonald's faced a lawsuit for the use of beef fat in their French fries. McDonalds claimed that they used only vegetable oil in their fries making them safe for vegetarians and vegans to eat. They lost the lawsuit and paid \$100 million to customers for not being forthright about their ingredients. The fries are partly fried in a substance that contains beef fat and then frozen and sent to restaurants, where they are cooked in 100% vegetable oil on sight (thetelegraph.co.uk). McDonald's resolved the issue but in 2009 they paid \$10 million to Hindu and other groups to settle lawsuits over continuing to mislead consumers about the use of beef in their French fries and hash browns. After the initial lawsuit they stopped using the originally 97% beef, 7% cottonseed oil mixture and started using vegetable oil (personal.psu.edu). However, they did add a small amount of beef fat to the mixture in order to keep the original flavor and integrity of the McDonald's fries that consumers had been accustomed to. Cows are sacred to the Hindu cultures and the lawsuit was filed on behalf of anyone who ate the French fries after 1990 (cbsnews.com).

Strategy:

McDonald's acknowledged that the mixture used to cook their French fries and hash browns contained beef fat. The mixture was used to create a more flavorful product and admitted that this process was done off site and only vegetable oil was used on site. They issued an apology in 2001, "A small amount of beef flavoring is added to our French fries during the potato processing. If there was any confusion, we apologize. Because it is our policy to communicate to customers, we regret if customers felt that the information we provided was not complete enough to meet their needs," (cbsnews.com). McDonald's in India stated its fries, "do not contain any beef or animal extracts of whatsoever kind."

The issue subsided until 2009 when three vegetarians felt that McDonald's was misleading consumers to believe their fries were vegetarian. They issued another formal apology on their website on June 1, "We regret we did not provide these customers with complete information, and we sincerely apologize for any hardship that these miscommunications have caused among Hindus, vegetarians, and others. We should have done a better job in these areas, and we're committed to doing a better job in the future."

The corporation, already having paid \$100 million in 2001, agreed to donate \$10 million to Hindu and other organizations as an apology. They also created an advisory panel with dietary experts to advise McDonald's on how to better meet the guidelines for these dietary concerns and prevent this type of crisis in the future.



Case Study #4: Cont.

McDonald's Sued For Use of Beef Fat in French Fries

Solution:

McDonald's acknowledged the problem, apologized, and used corrective action in resolving the issue. When the issue came back around in 2009 they agreed to donate the funds rather than have be sued. This allowed for them to look more apologetic in the public eye. McDonald's spokeswoman Anna Rozenich stated that "the apology and disclosure was most important to the clients and the class." McDonald's said they never claimed that fries in America were not made with beef fat but they followed suit with an apology regardless, in order to appease the needs of the consumers.



Case Study #5: Maple Leaf Foods Listeriosis Outbreak

Problem:

Maple Leaf Foods is a processing company located in Canada, where many meat brands are processed for many restaurants and hotels. On August 12, 2008 one of their plants was contaminated with listeriosis (ft.com). The contamination had been confirmed by August 23 and by the end of September 20 deaths had been linked to the outbreak at Maple Leaf as well as many other illnesses. They were hit with many lawsuits and companies began seeking new suppliers.

Strategy:

Maple Leaf quickly acknowledged the problem and recalled all of their products as soon as the listeriosis outbreak was confirmed. Chief Executive Michael McCain took charge of the situation and told the press that when he was handling the crisis that, "there are two advisors I've paid no attention to. The first are the lawyers, and the second are the accountants." He took it upon himself issue a full apology on behalf of Maple Leaf and take full responsibility for everything that occurred as a result of the outbreak. Maple Leaf chose to be transparent in their approach, taking responsibility and accepting any legal action that followed. They took rapid action against the issue; they apologized and it came directly from the top management. This established honesty with the company and the public. They took responsibility and did not fight any lawsuits.

Solution:

Food safety was the only division allowed to hire new employees sparing no cost to ensure that the highest quality recruits would be working to ensure that they followed strict food safety guidelines. The lawsuits were eventually settled for \$25 million. They eventually managed to recover and by 2010 had recovered some of their revenue and began making a profit again. The strategy helped in eventually turning the company around and helped regain their footing instead of going under.



Strategy:

In the event that a product or food becomes contaminated or unsafe for the public for any reason Starbucks should do the following:

1. Determine the nature of the crisis.
 - a. How far has the contaminated product reached?
 - b. Containment should be of the utmost importance. Determine what sku's are affected and have all items immediately
2. Identify if any persons have already been affected.
 - a. What is the severity of their contamination?
 - b. How many more people could possibly be contaminated?
3. Initiate internal and external communication sequence to determine who is to be notified and in what order.
4. Determine what facts are known and if it is necessary to alert the media.
5. To notify the media:
 - a. Determine the facts and clearly state what is known. Do not speculate.
 - b. Notify the spokesperson. Only the designated spokesperson should be speaking to the media.
 - c. Draft a press release with details to send out ASAP.
 - d. Hold a press conference if necessary.
 - e. Do not lie.
 - f. The integrity of the Starbucks brand should remain high priority.



Strategic Guidelines to Follow:

Acknowledge the problem:

Address the problem and state the facts. Communicate to the media, consumers, and/or stakeholders that Starbucks is aware of the issue. If the media does not know that a potential threat was averted, they should be notified to ensure that the message that is delivered is true and consistent with the Starbucks mission statement.

Determine fault & assess the need for a formal apology:

Identify if the fault lies within the Starbucks organization. If so, a formal apology should be sent out to the public. If the fault lies with a third party, determine the extent of their involvement and assess the strategy based on the position they are taking- acceptance or denial. Depending on the severity of the issue, a formal apology may be issued even if Starbucks is not to blame for any contamination. This will be determined on a case-by-case basis and no formal apology should be delivered to the public without approval from corporate.

Bolstering:

Starbucks has always been committed to ensuring quality and the overall company goal should be reiterated to the public, regardless of the issue. If the facts of the crisis are not fully developed enough to provide a clear recap then Starbucks position is to alert the media that more information will be delivered when facts are known to prevent inaccuracies.

Corrective Action:

All products under the registered trademark of Starbucks or any of its affiliates must be recalled if they pose the slightest threat to any person/s. The safety of the public is important to the Starbucks Corporation. Strict guidelines are set to ensure the safety of all the food and beverages that is sold at Starbucks. In the event of a crisis, all products will be recalled and destroyed.



Starbucks Newsroom

FOR IMMEDIATE RELEASE
(DATE)

Media Contact: Diane LeVeque VP Corp. Comm.
Phone Number: (920) 378-4881
Release No. xx-xx

INVESTIGATION IN PROGRESS OVER CONTAMINATION AT STARBUCKS

FULLERTON, Calif — Starbucks recalls (insert item) due to a contamination at its (insert location) on (insert date). The contamination has currently not affected any known patrons of this or nearby locations. However, Starbucks is taking every precautionary measure to ensure the public's safety.

Starbucks has closed the (insert location) location for the remainder of the day to ensure that no person comes in contact with any substance or product that could potentially put a person at risk. A full-scale sweep of the facility is currently underway.

This contamination was caused by an unknown substance and has currently not affected encountered any other Starbucks facility. The public will be notified when additional facts about the contamination are uncovered.

Currently the contamination has been isolated to a singular location. Anyone that has visited the (insert location) location, today, (insert date), that purchased a (insert item) is encouraged to discard it immediately and see Starbucks for a full refund of the purchase price.

Starbucks takes issues that could lead to a potential threat to the health or safety of any consumer extremely seriously. Starbucks apologizes for any inconvenience caused by the temporary closing of this location and encourages individuals to please visit Starbucks.com for alternate locations.

Additional details will be released, as more information regarding the issue is uncovered.

###

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Media Script

Spokesperson-

“The Starbucks at (insert locations) is temporarily closed in order to further investigate a contamination found in an (insert item), today (insert date) at (insert time). Fortunately this item never made it into the hands of a customer nor was anyone, at this or any other location, affected by the contamination. The incident is currently isolated and only known to have affected a singular item originally noticed by a Starbucks employee.

Starbucks apologizes for any inconvenience caused by the temporary closing of this location but will do everything in its power to ensure the safety of its loyal consumers.

Delivering high quality goods has always been the highest priority for Starbucks.

Starbucks thanks you for your patience and will open the location as soon as the local public health department gives clearance.”



Information Alert Sequence:

Internal:

- Managers & Employees
 - Immediate staff members and staff members at other locations that could be potentially affected should be informed of any crisis immediately in order to prevent injury to employees and/or customers.
- CEO & Board of Directors
 - All crises should be immediately expressed to corporate in order to appropriately alert the media and external publics.
- Partners
 - Any partners or affiliated brands should be notified if their organization or personnel would be affected.

External:

- Consumers
 - Consumers need to be notified of any potential threat that has occurred from the initiation of a crisis.
- Media
 - Major crisis may call for a press release or press conference to be held for questions.
- Government
 - Certain implications require the proper officials to be notified.

Spokesperson:

Major crisis:

- **Howard Schultz- CEO**

Minor Crisis:

- **Diane LeVeque-VP Corporate Communications**



Crisis #2 Government Regulatory



Crisis #2: Government Regulation

In the case that a government regulation goes into effect that would generate a crisis the business of providing quality products will remain a staple part of Starbucks crisis plan. Within this plan a set goal is in focus to guide you through this potential crisis as well as a strategy. The risk and vulnerabilities have been researched to show why this potential crisis is important to prepare for and why Starbucks should have a plan to deal with it.

Goal:

Starbucks takes pride in the coffee and other products it provides to its loyal consumers. The integrity of our product will be upheld regardless of the regulations set forth by the government. If any of the Starbucks products need to change in accordance with the regulation the public can expect Starbucks to maintain quality assurance in all new products released as a replacement of any staple food or beverage no longer being served.

Main Strategy:

The overall strategy to follow in the effect of a crisis due to government regulation would begin with acknowledging the regulations, bolstering, and initiate corrective action with emphasis on how the regulation can bring about change the consumer can be excited about.

Risk & Vulnerabilities:

Starbucks will adhere to the laws and regulations set forth by the government. Starbucks will continue to provide the highest quality goods and services to its loyal consumers, however, the needs and wants of the consumers may not fall in line with the needs and wants of the government. Starbucks will adhere to regulations while doing its very best to still maintain the consistent quality that the consumers are accustomed to when associating themselves with the Starbucks brand.



Case Study #1: Four Loko Beverages get recalled to remove Caffeine from its Contents

Problem:

In 2010, Phusion Projects started having major controversies over its Four Loko Malt beverages when college students and other people were starting to go to the emergency room because of drinking the high alcohol and caffeine contents in the drinks. Due to the high number of incidents caused by the beverages and because caffeine is deemed an "unsafe food additive" with malt beverages, the FDA and Congress proposed a product seizure of Four Loko malt beverages and banning it from stores. In anticipation of the FDA's proposal, Phusion Projects issued a recall for all Four Loko products to be taken down from shelves and to have the caffeine contents removed before Congress could make a decision. With talk about banning Four Loko from stores, students quickly rushed out to buy as much of it as they could.

Strategy:

With the possibility of having their product banned, Phusion Projects needed to come up with a strategy that could prevent the seizure of their product by the FDA and Congress. What they came up with was to acknowledge the FDA's decision that caffeine is an unsafe food additive to a malt beverage and to apply corrective action that would mark their product safe.

Solution:

Phusion Projects solution to avoid this crisis of government regulation was to recall Four Loko products, reformulate them without caffeine, and to acknowledge caffeine as an unsafe ingredient mixed with malt beverages. The results from this strategy allowed Phusion Projects to continue selling Four Loko products throughout the U.S. and marked their products safe to consume. While many of their previous customers continue to purchase Four Loko products, some of them think that ever since they removed the caffeine from the beverages, they no longer taste the same.



Case Study #2:

Fear of government regulation on ammunition causes shortages of ammo across the U.S.

Problem:

Recent shootings at Sandy Hook Elementary school and the movie theater in Aurora, Colorado, government officials and members in Congress quickly initiated plans to regulate ammunition and guns sold throughout the U.S. With talks about these purposed plans to greatly reduce ammunition for guns in stores, gun owners quickly panicked and rushed out to buy any ammunition they could get. The results from this panic caused a nationwide shortage of ammo in stores and many gun owners were unable to purchase any ammunition that they needed. After this shortage of ammo happened, many stores that sold ammo needed a way to avoid a government regulation on ammo if it ever occurred.

Strategy:

The strategy applied to a situation like this would be to reassure the public that they could still get the ammo they need. Next would be to take corrective action if gun and ammo limits were to be regulated by the government. Therefore if rifle ammo was limited to one cartridge per person, then try to get more people into the store to buy that ammo or as well as any others they might need. After that, the next step in the strategy would be to bolster about the ammo you are selling differentiating it from other stores.

Solution:

While regulation on guns and ammo has been purposed in Congress, the purposed plan has not yet been approved. Therefore gun owners can still buy as much ammo as they want, but will still have to deal with the shortage till manufactures can keep up with the demand for it. With fear of regulation still possible, people will continue to stockpile available ammunition. However if this regulation does go into effect, the solution stores will have to follow will be to comply with the regulation and to bolster about their store and product.



Case Study #3: Flavored Cigarettes Pulled off the Market

Problem:

In 2009, Federal health officials banned the sale of flavored cigarettes and other tobacco products. The government felt that flavored cigarettes prompted kids and young adults to smoke by flavoring them. With the F.D.A. getting ready to regulate tobacco companies and removing one of their products from the market, tobacco companies needed to figure out a strategy that could keep their customers after flavored cigarettes were banned.

Strategy:

When federal health officials decided to ban flavor cigarettes, tobacco companies knew they would have to take corrective action before the new law was enforced.

Solution:

Domestic manufacturers anticipated a ban on flavor cigarettes for some time and decided to halt production on flavored products, which are less than 1 percent of the market of sales for tobacco companies, when the F.D.A. was given authority to regulate tobacco products. By slowly halting the sales of flavored cigarettes, this gave tobacco companies time to promote the sales of other products, which were not flavored. By doing this before the F.D.A. could enforce a ban, tobacco customers were already using a different product and were not affected by the loss of flavored cigarettes.



Case Study #4: New York City Ban Sugary Drinks

Problem:

As a way to fight the growing obesity epidemic, New York City issued a ban on large sugary drinks within the city in 2013. This regulation would limit the sale of sugary beverages including non-diet sodas, fruit drinks, and other high-calorie beverages to 16 ounces. A limit on their drinks would affect Starbucks' customers' ability to purchase a Grande (24 oz) or a Trenta (30 oz) size drink. Establishments like 7-Eleven, which are regulated by the state, not the city, would be able to sell beverages of any size, which would pose a threat to large corporations specializing in beverages.

Strategy:

In order to get around a city regulation on their products, Starbucks would need to find a way to show that their drinks do not fit in the "sugary beverage" category. If not such action can be proven, Starbucks will have to reformulate its product sizing to offer a variety within the confines of the regulation.

Solution:

Starbucks did not immediately comply with the ban on large sugary drinks because the ban does not cover drinks that are 50 percent milk, which exempts the popular Frappuccino drinks. Therefore Starbucks has continued to run business as usual. The ban did eventually get lifted when it was ruled unfair to businesses because the ban would limit some businesses and not others, like 7-Eleven. The potential for this issue to arise in the future, both in New York and other states, is likely. Health consciousness is a growing public concern. Many of Starbucks beverages do are over the limit and do not contain at least 50% milk.



Case Study #5: McDonald's Removal of the Supersize Option

Problem:

In 2004, McDonald's underwent major changes to become more health conscious. They removed the "supersize" option from their menu and added calorie counts for all their food items, and by adding healthy choices like fruit sides and juices customers could get instead of a soda. These changes occurred because of the documentary "Super Size Me," which showed how McDonald's and other fast food chains were contributing to the obesity problem in the U.S. The way McDonald's was portrayed in the documentary did hurt their profits due to the revelation of the affect consumption of their product can have on the body in large quantities. The government regulated the need for calories to be placed in sight of patrons. This helps the consumers get a better idea of what is in the food they order.

Strategy:

In the case of McDonald's, when people became aware of the actual nutritional value in items available they needed to reformulate their menu to suit the health conscious consumer. The strategy they applied was to acknowledge that their "supersize" option was an unhealthy choice and to apply corrective action to clean up their image and to add more healthy items to their menu. McDonald's also continued to bolster about their products and how they are committed to the delivery of quality fast food to consumers, with over 200 billion customers served.

Solution:

McDonald's decided to include additional items for those who wished to be more health conscious. They maintained the integrity and flavor in their signature menu items but added options to please everyone. They also added a nutrition menu on their tray mats and on their store walls that gives the calorie facts about each item on their menu. By coming out and acknowledging this change, it helped McDonald's maintain their image. The strategy proved beneficial to McDonald's with their corporations continued financial growth as well as the consistent additional of healthy menu items.



Strategy:

In the event that a governmental regulation is put into affect that would altar Starbucks from being able to continue to serve its customers uninterrupted the following strategy should be followed:

1. Determine the nature of the crisis.
 - a. What products and services would be affected?
 - b. What is projected date of the regulation? How much time does Starbucks have to adhere to these regulations.
 - c. What can be offered instead?
2. Analyze the target audience.
 - a. What market would be affected the most?
 - b. Has the public heard about the change? If so, based on media research, what is their overall attitude toward the change?
 - c. Have any customers expressed great dissatisfaction over the news and how it will relate to their experience at Starbucks?
3. Initiate internal and external communication sequence to determine who is to be notified and in what order.
4. Determine what facts are known and if it is necessary to alert the media.
5. To notify the media:
 - a. Determine the facts and clearly state what is known. Do not speculate.
 - b. Notify the spokesperson. Only the designated spokesperson should be speaking to the media.
 - c. Draft a press release with details to send out ASAP.
 - d. Hold a press conference if necessary.
 - e. Do not lie.
 - f. The integrity of the Starbucks brand should remain high priority.



Strategic Guidelines to Follow:

Acknowledgement:

Government regulation puts Starbucks in a position to find middle ground in the appeasement of the government and the continued satisfaction of its customers. Starbucks should acknowledge the regulation and inform the public that a contingency plan will be implemented to remain consistent with the quality of our brand and keep in accordance with the demands of the regulation.

Bolstering:

Starbucks has always strived to meet the wants of the consumer and also offer both healthy and delicious food and beverages to consumers. Present the regulation as an opportunity for Starbucks to continue to bridge the gap between healthy and delicious. The quality will remain consistent and if certain products will no longer be available, assure the public formulations will be developed to replace any items that must be removed.

Corrective Action:

Compliance is mandatory for government regulation. Plan to test possible replacement products on the public on certain dates. This will allow the public the opportunity to feel involved in the change and give Starbucks the chance to administer products that will be received with excitement and encourage the potential for growth instead of decline. The mandatory regulation allows for the opportunity for new and exciting menu options to come about.



Information Alert Sequence:

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- CEO & Board of Directors
 - All crises should be immediately expressed to corporate in order to appropriately alert the media and external publics.
- Partners
 - Any partners or affiliated brands should be notified if their organization or personnel would be affected.

External:

- Consumers
 - Consumers need to be notified of any potential threat that has occurred from the initiation of a crisis.
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- Government
 - Certain implications require the proper officials to be notified.

Spokesperson:

Major crisis:

- **Howard Schultz- CEO**

Minor Crisis:

- **Diane LeVeque-VP Corporate Communications**



Media Script:

"Good (pick one: morning, afternoon, evening) everyone. My name is (insert your name). If you can hold your questions till the end, I will answer them one at a time, thank you.

At approximately _____(time) today _____(date), Starbucks stores all over New York City will no longer be serving Venti and Trenta beverage sizes. These adjustments to our sizes are in cooperation with the city's regulation on high sugary drinks. Starbucks plans to follow these new rules and regulations set up by the city, but rest assure, even with these new regulations set in place, Starbucks will continue to bring the same great tasting products customers expect of us.

I would like to acknowledge that Starbucks has recognized this health issue with sugary drinks and has already started making changes to bring our customers healthier choices. Starbucks cares about its customer's health and will continue to make adjustments where it sees fit to protect them.

That's all I have at this moment. I can start taking questions."

Potential Press Questions:

During the press conference, the press could ask some difficult or tricky questions, which could throw you off and reveal some information you did not want to give. So it is important to have a list of potential questions to prepare for in the event of a government regulatory going into effect. Here are just some of the questions the press could ask:

Q: How will this new regulation effect Starbucks and its products?

A: With this new regulation in place, Starbucks and its products will continue to bring the same great taste and quality to its customers. Whatever changes that may occur, we can assure you that our products will continue to have the same great taste.

Q: Will the (name of product) be completely different now?

A: No

Q: Will this regulation affect Starbucks' sales?

A: I do not have information on that at this time.

Q: Did Starbucks know it was harming its customer's health by offering extra large beverage sizes?

A: Starbucks has always cared about its customer's health and has continued to offer them alternative healthier ingredients for their drinks at their choice.



Starbucks Newsroom

FOR IMMEDIATE RELEASE

May 13, 2013

Media Contact: Vivek Varma, VP Public Affairs

Phone Number: (920) 378-4881

Release No. 09-01

Starbucks Reduces Drink Sizes in NYC

New York, NY, May 13, 2013- Starbucks all over New York today will no longer be making Venti and Trenta beverage sizes. Drink sizes will now only go up to grande size. These adjustments will go into effect immediately today. Starbucks acknowledges that New York City has a limit on all high sugar beverages and that our products will follow its guidelines to protect our customer's health.

While Starbucks' customers come to know our products by the high quality of our coffee beverages and the exquisitely blended balance of flavors we offer, we can assure them that whatever adjustments may happen, they can expect to taste the same great products that they have come to enjoy over the years.

If you have any questions regarding this adjustment, you can call (920) 378-4881 for more information.

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Crisis #3

Disgruntled Employees



Crisis #3: Disgruntled Employees

The employment process in place at Starbucks helps assure the most qualified candidates are serving our loyal customers each and every day. We aim to hire individuals who maintain characteristics and qualities consistent with the Starbucks brand mission. Starbucks employs thousands of individuals all over the world and it acknowledges the risk that, even with our thorough hiring process, individuals may choose to conduct themselves in a manner not consistent with the mission and customer service requirements for employees.

Goal: Starbucks goal is to employ candidates that will exemplify the high standards required in all aspects of customer service, food handling and preparation.

Objectives:

- To follow guidelines set by the FDA and Public Health Agency to provide quality food and beverage items.
- Any employees committing acts that will damage the Starbucks brand will be terminated and possible legal action will be taken.
- Apologize swiftly and sincerely in the event of a crisis.



Case Study #1: Burger King Employee Allegedly Contaminates Produce

Problem:

In 2012, a Burger King employee uploaded a photo onto 4chan, an Internet image and forum board, of himself standing in two bins of lettuce. The photo caption read, “This is the lettuce you eat at Burger King.” The employee boasted about his idea of a joke and shared about his food contamination, without concern for employers or customers.

Strategy:

Burger King took corrective action by terminating the employee immediately. Burger King quickly announced “Food safety is a top priority at all BURGER KING® restaurants and the company maintains a zero-tolerance policy against any violations such as the one in question.” They reassured their customers that they were aware of the problem and took the time to apologize with a statement.

Solution:

According to the Cleveland Scene, since the original post was created, 4chan users decided to take action and were able to retrieve the location from which the photo had been taken. With the help of 4chan users, news outlets contacted the manager at the Mayfield Heights Burger King location, and using corrective action, reported that the employee and shift manager on duty at the time would be fired.



Case Study #2: Taco Bell Employee Allegedly Urinates onto Food

Problem:

In 2012, a few weeks after the Burger King incident, a former Taco Bell employee Cameron Jankowski allegedly posted an image of him urinating into a plate of nachos on Twitter, while he was still working at the Fort Wayne, Indiana location. Jankowski claimed that the nachos were to have been thrown out into the garbage anyway. He also claimed that he did not do anything wrong or illegal and remained less than remorseful over the incident.

Strategy:

Taco Bell quickly announced their apology and terminated the employee while suspending another. Taco Bell took corrective action and also reassured the public that their facilities would administer training to employees on the proper handling of food. They assured the public that the facility would be deep cleaned.

Solution:

A spokesperson and vice president of public affairs for Taco Bell released a statement that the chain planned to disinfect and deep clean the restaurant located in Fort Wayne and train new employees on the importance of food quality and safety. Taco Bell had also proposed the possibility of temporarily closing down the location entirely. In addition, Taco Bell issued a final statement apologizing for their former employee's inappropriate behavior and further ensuring the safety of its customers and team members. Jankowski's Twitter account now remains inactive.



Case Study #3: McDonald's Employee Allegedly Serves Iced Tea Containing Saliva

Problem:

In 2012, Marvin Washington, Jr., an employee at the Simpsonville, South Carolina McDonald's franchise, was arrested for allegedly leaving saliva, phlegm and other potential "bodily fluids" into a customer's iced tea drink. Since tampering with food is a federal offense, Washington could have faced up to 20 years in prison for misconduct of this nature. The customers went back a second time since receiving the wrong order and when they were about to add sweetener to the iced tea, discovered something floating in their drink.

Strategy:

McDonald's quickly issued a statement to the public and reassured the public that safety is their top priority. They bolstered about their product and dedication to quality.

Solution:

The customers reported the incident to the authorities and Washington was seen in the surveillance footage of suspicious activity around the drinks. The owner of the Simpsonville McDonald's, John Kennedy, remained calm to the situation and advised that customers wait until the case was fully investigated and all the facts were released. He later issued a statement stating the value of the safety and wellbeing of McDonald's customers were very important to the company and that the Simpsonville franchise has the "most stringent food safety and quality standards."



Case Study #4: Domino's Video Prank of Two Employees Tampering with Food

Problem:

In 2009, two Domino's Pizza employees in Conover, N.C., (Kristy Hammonds, Michael Setzer) filmed a prank in the restaurant's kitchen, which they posted on the Internet and later went viral online. The two employees faced felony charges after the millions of viewers turned the incident into a social media crisis. The video prank showed Setzer preparing food for delivery while shoving cheese up his nostrils, adding mucus to the food, and other major health code violations while Hammonds narrated and filmed the video, that was uploaded to a social media site soon after.

Strategy:

Domino's took immediate action firing both employees and filed lawsuits against both employees for health code violations. Uploading the video to a social media site allowed the crisis to reach catastrophic proportions quickly. The CEO formulated a well-articulated, lengthy apology to the public. CEO Patrick Doyle expressed his deepest apologies and admitted he was disgusted and appalled that such conduct had taken place at his establishment.

Solution:

President of Domino's, U.S.A., Patrick Doyle, issued a statement through social media with a video assuring customers and partners that the incident was an isolated event in Conover and the two employees were dismissed, with a warrant out for their arrests. The Conover location has been shut down for sanitization purposes and the retraining of its employees to ensure quality food at all times. Doyle spoke of his gratitude toward customer loyalty and trusts in hopes to rebrand and maintain the company's reputation.



Case Study #5: KFC Malaysia Employees Post Video of Unhygienic Food Preparation

Problem:

KFC Malaysia faced a potential social media crisis in 2011, which resulted from a viral video of employees mishandling the food during its preparation. The video showed two employees tampering with food and misusing the kitchen equipment. KFC responded quickly and immediately reported the incident to the police in addition to screening their staff members for any misconduct.

Strategy:

KFC crisis management team acted in a timely manner answered all questions the media had about the event. . The company also responded via Facebook and YouTube by personally acknowledging the incident and posting its response to the issue. The videos addressed KFC's strategy and assured consumers that this is not consistent with the quality that they require at their establishments. In a video that featured KFC Director of Operations Mohammad Alwi terminated the employees and announced that the company would install additional video cameras to better monitor their employees actions.

Solution:

Additional supervisors were appointed to oversee the kitchen staff and food preparation process. The company also proposed to improve its training program to educate staff on food safety and regulations to maintain the status of the KFC brand.



Case Study #6: KFC Employee Fired for Licking Mashed Potatoes

Problem:

KFC's brand was damaged when an employee was photographed licking a container of mashed potatoes. The photo was uploaded to Facebook and quickly went viral.

Strategy:

Corrective action was taken through the termination of the employees responsible. The KFC Code of Conduct was bolstered to the media to remind consumers that these occurrences are not tolerated at KFC. They also issued a formal apology from the official KFC spokesperson.

Solution:

After this occurrence KFC chose to retrain all of their employees in the proper handling and preparation of food. Tampering with food that is intended for the public is not only morally corrupt, it is illegal, and action was taken against the employees.



Strategy:

In the event that a governmental regulation is put into affect that would altar Starbucks from being able to continue to serve its customers uninterrupted the following strategy should be followed:

1. Determine the nature of the crisis.
 - a. What products have been affected?
 - b. How many employees are responsible?
 - c. What communication methods were used in showcasing the crisis to the public?
 - d. Have they been removed, if possible?
2. Take immediate action.
 - a. All employees involved will be immediately terminated.
 - b. Begin the process of legal action, if it is called for.
 - c. Issue a formal apology from the CEO Howard Schultz.
 - i. For circumstances of this magnitude, it is imperative that **ONLY** top executives deliver the apology. It should be lengthy, sincere, and express remorse, responsibility and assurance that this will not happen in the future.
3. Initiate internal and external communication sequence to determine who is to be notified and in what order.
4. Media materials need to be gathered.
 - a. Formal, public apology
 - b. Press materials
 - c. Press conference if necessary
5. To notify the media:
 - a. Determine the facts and clearly state what is known. Do not speculate.
 - b. Notify the spokesperson. Only the designated spokesperson should be speaking to the media.
 - c. Draft a press release with details to send out ASAP.
 - d. Hold a press conference if necessary.
 - e. Do not lie.
 - f. The integrity of the Starbucks brand should remain high priority.



Guidelines for Strategic Action:

Acknowledgement:

Immediate acknowledgement must be made. If the incident has gone viral, all officials must be notified immediately to have them removed as soon as possible.

Apology:

CEO Howard Schultz must deliver the apology. It should express sincere sympathy on behalf of Starbucks and correct any misconceptions present. Starbucks should take full responsibility for the acts of its employees and ask that consumers understand that the actions of one do not represent the company as a whole. The majority of employees continue to be dedicated the brand principles.

Corrective and Legal Action:

All employees will be immediately terminated with legal action to follow.

Bolstering:

The integrity of the Starbucks brand is high priority. The continual dedication of our loyal customers is our strongest concern. Starbucks wants every consumer to feel comfortable and assured that they will receive quality goods and services when they visit any Starbucks, regardless of location.



Starbucks Newsroom

FOR IMMEDIATE RELEASE
(DATE)

Media Contact: Diane LeVeque VP Corp. Comm.
Phone Number: (920) 378-4881

Release No. xx-xx

STARBUCKS APOLOGIZES FOR EMPLOYEES SHOCKING ACTIONS

(DATELINE)-- A video of a Starbucks employee purposefully spitting in drinks intended for customers went viral this morning. The event- actual date unknown- took place in the employee back room at (insert location), out of customer sight, but the video had reached over 300,000 views on YouTube before Starbucks had it taken down.

Almost immediately after the video had been removed CEO Howard Shultz issued a formal apology, “ First Starbucks expresses its deepest sympathies that any individual employed by Starbucks would ever intentionally violate goods intended for a customer. I am personally disgusted and all employees involved have been terminated and legal action has been initiated.”

The employees are not directly named but Schultz continues to express his apology on behalf of Starbucks. The initiation of additional training to reinforce sanitary food handling practices is discussed.

Starbucks encourages all employees to report any employee misconduct to their anonymous hotline by calling 1-800-555-5555.

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Media Script

Spokesperson-

“First Starbucks expresses its deepest sympathies that any individual employed by Starbucks would ever intentionally violate goods intended for a customer. I am personally disgusted and all employees involved have been terminated and legal action has been initiated.

Starbucks prides itself on delivering only quality food by employees who commit themselves to the same principles that Starbucks adheres to.

We are strengthening our health and safety regulations at Starbucks. Mandatory training on what is and is not accepted and tolerated by Starbucks employees in regards to the proper handling of food has been immediately issued.

I am committed to seeing that this type of issue remains isolated. Immediate action will be taken against any employee who violates the code of conduct at Starbucks.”



Information Alert Sequence:

Internal:

- **Managers & Employees**
 - Immediate staff members and staff members at other locations that could be potentially affected should be informed of any crisis immediately in order to prevent injury to employees and/or customers.
- **CEO & Board of Directors**
 - All crises should be immediately expressed to corporate in order to appropriately alert the media and external publics.
- **Partners**
 - Any partners or affiliated brands should be notified if their organization or personnel would be affected.

External:

- **Consumers**
 - Consumers need to be notified of any potential threat that has occurred from the initiation of a crisis.
- **Media**
 - Major crisis may call for a press release or press conference to be held for questions.
- **Government**
 - Certain implications require the proper officials to be notified.

Spokesperson:

Major crisis:

- **Howard Schultz- CEO**

Minor Crisis:

- **Diane LeVeque-VP Corporate Communications**



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