Corporate Response and Responsibility in the case of consumer boycotts: an Analysis of Centrale Danone crisis in Morocco

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ABSTRACT: Boycott is a mode of communication between the consumer and the company, it allows to re-identify the needs of the consumer reconsider the company’s strategies and repositioning. The present study sheds light on consumer boycott and its perception about the corporate response to the crisis. A sample of 162 participants took part in this exploratory study by filling in a questionnaire form to investigate the Moroccan consumer’s perceptions with regard to Centrale Danone’s response to the recent boycott event that the Moroccan society has witnessed. The results demonstrated that Moroccan consumer’s motivation behind the boycott was merely to limit the pricing oligopoly along with quality improvement of such primary food products. Also, the findings revealed that their attitudes were negative with respect to the way Centrale Danone handled the boycott situation as the vast majority claim that the company’s issued actions are depicted as irresponsible and not well thought out.

KEYWORDS: Consumer boycott; boycott attitude; crisis communication; brand responsibility

Introduction

Consumer boycott is not a recent phenomenon, it in fact date back to the fourteenth century. Notably, in the United States, boycotts helped in unionization movement (Wolman, 1916). It has also contributed in the success of the civil right movement in 1955 which was led by the boycott of Montgomery bus (Friedman, 1999). Boycott has also emerged in countries such as India where Gandhi started boycotts against British salt and cloth just before the Indian independence (Smith, 1990). All things considered, boycott today is mainly concerned with corporate practices as it has shifted from being typically associated with the sociopolitical goals and civil rights movements to focus on the modern practices of corporations. Generally, the word boycott is used to refer to a type of disapproval of a person, a group or social movements to a particular situation. In the literature, there has been a number of debates with regard to the different perspectives on the use of the word ‘boycott’. A number of scholars use the term to express common rejection relations (Culcasi, 2016; Gould, 2013; Schmidmayr, 2013; Viana, 2007). Others deploy the term to analyze disapproving attitude of the costumer towards a brand, company, products or services (Makaren & Jae, 2016; Albrecht, Campbell, Heinrich, & Lammel, 2013; Cruz, Ross, Braga & Abelha, 2012; Friedman, 1999; 1991). Respectively, the present paper addresses the concept of boycott from the consumers’ perspective focusing on the case study of a leading company in Morocco. The paper tackles first a general background of the study which entails short definitions of boycott and provides in details the context of the boycott situation in Morocco as well as a brief overview of the targeted company. Second, it comprises an analysis of the data
collected for the study and a thorough discussion of the results. Finally, it concludes with recommendations.

1. Background of the study

Nowadays, with freedom of expression the consumer can express his discontent through several means including the boycott. The latter may concern either a product, a public opinion case or a political action. Thus, boycott is an intellectual, political, social, and economic act. It is a phenomenon against the exorbitant expenses of life and the government’s passivity to protect the citizen without or with low income. Accordingly, consumer boycott is an attempt by an individual or a group of people to attain certain objectives by persuading other consumers to abstain from buying goods of a particular organization (Friedman, 1985). Also, Garret (1987) defines consumer boycott as an organized, collective and non-mandatory campaign. So the boycott makes it possible to express the disappointments of the consumer with respect to a particular product, thus, trust plays a crucial role in the satisfaction of the consumer. Once the said trust is broken, it becomes difficult for the manufacturer to reinstate it. Hence, brands that fail to gain and sustain their costumers’ trust will positively find themselves despised and out of market (Clark, 2009). Generally, consumers tend to buy the products they trust. According to Bhaduri (2011), the intention to buy a specific product of a particular manufacturer depends on the trust or the distrust the consumer holds. It is important to point out that the behavior of the vendor plays also an important role in the consumer choice and purchase. Eventually, the less transparent and credible the manufacturer is the more the consumer is deceived and, thus, the social responsibility and transparency that is built between both consumers and vendors is collapsed.

All over the world, consumers raise their concerns about a product or a corporation by resorting to boycott. As an example, Nestlé was subject to boycott in 1977 for its baby milk products and was condemned to be irresponsible for its marketing campaign of the baby milk formula. Another example of products boycott is that of Kellogg’s; a well-known American company that specializes in food-manufacturing and produces cereals, cookies, and crackers etc. The boycott campaign started in 2012 denounced Kellogg’s for using excessive genetically engineered ingredients in their cereal products.

Like any other developing North African country, Morocco has also experienced several boycott situations. Recently, thousands of Moroccans launched an online boycott campaign protesting against the raise of some products prices. This movement has appeared on April 20th on social networks, mainly Facebook. The targeted companies are the largest dairy company Centrale Danone, Afriquia fuel stations owned by the Akwa group, and the Sidi Ali water brand; they are three of the main suppliers of dairy products, bottled water and petrol in Morocco. Contrary to other Arab countries like Egypt, Jordan and Tunisia who opted for street strikes demanding to improve the standards of living, reduce the prices and put an end to austerity measures, Morocco has adopted an alternative approach by staying off the streets and peacefully voice their anger against expensive prices, poverty and despotism. This social initiative has united Moroccan people and made them speak with one voice, expressing their frustration about their current social and economic situation.

In fact, the present paper focuses only on the case of Central Danone. The latter is a subsidiary of the ONA group since 1981 and has a capital of 94,200,000 dirhams. It is, indeed, the leading producer in Morocco of milk and dairy products. Since its creation in 1940, it started its activity at the Casablanca factory, produced milk in 1944, and that of derivatives in 1957. It has developed over the years to be introduced on the stock market in 1974 and expanded its intervention to new productions through its two subsidiaries Pingouin
(first producer of ice cream in Morocco) and Fromageries des Dokkala (operator in of processed cheese market).

In order to improve the quality of its services and products, Centrale Danone in 1996, had partnered with Danone Group; world leader in dairy production. In 2014, Gervais Danone purchased Morocco’s National Investment Company’s stakes in Centrale Danone and changed its name to Centrale Danone. The French group continued its acquisition of 90% of the capital of Centrale Danone. On the 20th of April 2018, the company endured a boycott campaign on social networks.

Since then, Centrale Danone has not issued any official statement regarding the boycott until the purchasing manager at the company came out with a reaction that has been perceived by Moroccans as a faux pas to resolve the problem. The Manager has claimed that whoever is boycotting Moroccan products is considered as a traitor to the nation. This direct reaction to the issue has only aggravated the crisis. Moreover, CD (henceforth, Centrale Danone) has recognized serious damage in its profits with a 50% drop in consolidated sales. Actually, Centrale Danone forecasts a 20% drop in turnover for the first half of 2018 and a negative net profit of around 150 million Moroccan Dirham. As a measure to minimize its loss, CD has put an end to short-term temporary contracts and reduced the raw milk collection volumes from its 120,000 partner farmers. As a result, the measures considered by the company has offended the public opinion and damaged the brand image.

2. Statement of the problem, research objectives and question

2.1. Statement of the problem

Moroccan consumers chose to express their disapproval with regard to the price raise of the dairy products of Central Laitière in a very civil and peaceful way. However, the Boycott of the aforementioned products was not welcomed by the leader company which has created tension between the consumers and the supplier, as some view their passivity towards the issue is inappropriate.

Lack of communication in the beginning about the boycott from the side of the affected organization has left the public opinion in confusion especially that the boycott was a success. Though, they have recently attempted to reconcile their relationship with the Moroccan consumer, Centrale Danone is still facing a total rejection from the public.

2.2. Research objectives and questions

The article aims at identifying the motivational factors behind boycotting a specific product and not another in reference to the case of Centrale Danone current crisis. In addition, it investigates the counteracting approaches considered by the said company to remedy the boycott. The article also addresses the response and responsibility of the company as perceived by the Moroccan customer.

The present study seeks to answer the following research questions:
- What drives the Moroccan consumer to boycott one product and not another?
- Was Central Danone's response to the crisis appropriate?
- Was the company perceived by the Moroccan customers as responsible through its act towards the crisis?
- What corrective actions can the company take to remedy the boycott?

3. Research Methodology

The present research paper opted for a quantitative approach. In order to collect the data, a questionnaire was devised to answer the above research questions. The questionnaire consisted of two parts: general background information and a set of 10 questions two of which were open-ended questions. The data were processed on the Excel platform, bar charts
and pie charts were used for visual representation of the results. The survey was conducted online, it was put on Google Docs and the link was shared with the respondents on various social network platforms (Facebook, Twitter, LinkedIn etc.). A total of 162 Moroccans took part of the study. It is worth to note that the respondents of this study were selected randomly over a period of two months. The choice behind using a questionnaire as a research *instruments* is due to the fact that questionnaires are best used in such typical survey situation (researching, opinions, attitudes, experiences, processes and behaviors…) and mostly in quantitative research.

4. Data analysis and findings

The population of the study consists of 162 Moroccan from different social classes with a representation of 54% men and 46% women, their age varies between 20 to 29 years old (41%), 30 to 39 years old (27%), 40 to 49 years old (15%), 50 to 59 years old (11%) and 60 plus (6%). 54% of the respondents are with a higher educational background, 54% are of a high school level and only 9% are of a primary educational level background. As far as the professional status of the respondents is concerned, 50% are active, 31% are students, 9% claimed to be home-makers, 6% are unemployed and lastly 4% are retired.

![Professional status of the participants](image1)

The estimated annual income before taxes in Moroccan Dirham of 46% of the participants varies between 0 to 2500 MAD, followed by 22% of those who get an annual income from 3000 to 6000 MAD; 20% of the 162 participants receive an estimated annual income of 7000 to 12000 MAD and only 12% has as an estimated amount of annual income of 13000 MAD and more.

![Annual income before taxes of the participants](image2)
4.1. Statistical findings

First of all, the participants were asked if they have participated in the boycott or not. All of the participants, with a percentage of 100%, have confirmed their participation in the boycott campaign against CD. The figure below demonstrates the statistical results.

Figure n° 3. Moroccans participation in the boycott of Central Danone dairy products

The 162 participants are only a small representation of many other Moroccans who also did not hesitate to join the boycott movement against the well-established company CD. When asked about the motives behind their decision to boycott Centrale Danone, 53% of the participants claimed that it is due to the increase of dairy product prices. Others (27%), pointed out that the quality of the dairy product is a motive as well. Only 20% stated that their decision to boycott CD is due to the deteriorating quality of the dairy products.

Figure n° 4. Aspects of dairy product boycott by Moroccans

To further analyze the motives elicited above, 40% of the respondents elucidated that the boycott initiative was a strategic mean to put the pressure on CD in an attempt for them to change their policies. Some (25%) viewed that by boycotting CD they express their opinion and anger (12%). Few (3%) are the ones who claimed that by not boycotting CD products they will feel bad if others saw them. Thus, we can conclude that the reason why the boycott took place recently is that Moroccan consumers are no longer satisfied with the productions of the said company and in order to voice their discontent and opinions about it, they have resorted to boycott.
Additionally, as has been mentioned before, boycott is one of the means that can be considered for communication between the consumer and the manufacturer as it supports in identifying the consumer needs and reviewing its perceptions and feedback about some particular products. So, Moroccans, as they decided to go for a boycott campaign against the dairy products of CD, they (51%) believed that the boycott aims at improving the quality of the dairy products and improving the consumer’s purchasing situation (49%). None has considered the aim of the boycott as a way of creating tension and dispute among consumers.

Figure n° 5. Reasons behind boycotting Centrale Danone

Respectively, the aim of the boycott is to improve both the pricing and the quality of the dairy product by Centrale Dairy. The Moroccan consumer is looking for an improvement of quality and reconsideration of the purchasing ability. They are calling Centrale Dairy to reconsider its purchase and quality assurance strategy and not to ignore the interest of the Moroccan consumers. By the same token, several Moroccan consumers of the Centrale Dairy products revealed that they genuinely would like to put an end to the market manipulation and oligopoly. What is more, the majority (94%) agreed that the boycott is solely an initiative by them and not a strategy established by a competitor.

Figure n° 6. The aim of the boycott
As far as their thoughts about the CD late response to their protests, all the respondents came to an agreement and stressed that the company’s response to the boycott was inappropriate. As can be seen in figure 7 above, all of the 162 respondents significantly acknowledge the carelessness of the targeted company in responding to their consumers stands. This can be explained by the fact that CD ignored the interests of consumers, and, despite the public opinions’ attitude and behavior, did not show any reaction nor major improvement to the case afterwards. As a result, consumers have become more and more angry, and have even boosted the boycott activities via social media against the company’s branded goods in order to spur their action and to ensure that similar issues will not continue to blow in.

Correspondingly, CD denied the statements publically made on social media about the raise of dairy products prices. They have not published any press release on the boycott and they aggravated the situation when a company employee made public negative comments on the boycotters. CD negative reaction to the boycott as well as the shocking comments towards its Moroccan costumers confirmedly denounce CD’s behind time response inappropriate and ill-advised.

4.2. Cross-analysis of results

The statistical analysis has provided answers to the study’s questions. First, we can claim that Moroccan consumers’ motivation in boycotting a product (dependent variable) depend on the product pricing followed by quantity and lastly quality of the product (independent variables).

To better measure the intensity of dissatisfaction of the Moroccan consumer and the reasons that has pushed them to boycott this organism and not another we considered measuring their opinion towards the response delivered by CD. This has led us to understand that among the reasons that has fuel their desire to boycott is the response of the organism that was seen as merely inappropriate. The latter is an independent variable that affects the principal variable which is the boycott of Moroccan consumers of CD dairy products. This has also contributed in prevailing how responsible the company is in the eyes of Moroccan consumers who in turn categorized CD as negligent. Additionally, an open-ended question has been asked to answer the possible corrective actions that the company can take to remedy the boycott. Different answers were provided by the respondents most of which focused on reducing product pricing, offering better quality and apologize publicly to Moroccan consumers.

Conclusion and recommendations

Taking into account the results above, we can conclude that the motivation of the Moroccan consumer to boycott CD was purely related to the exorbitant price of its dairy products especially that the timing when the boycott was launched was not suitable as it was the holy month of Ramadan and the consumption of the dairy products at that period is very high. It is
important to highlight that social media networks have played a vital role in spreading information about the boycott and reinforcing the public opinion’s ability to stand together as one and voice their concerns and needs to the target supplier. It is, therefore, obvious that the cost/benefit variable is a very important determinant of the boycott, so the more the consumer regularly appreciates and consumes a product, the higher the intensity and cost of the boycott is. As a result, the quality of the relationship and the frequency of consumption negatively affect the decision to boycott, so as we have noticed in our study the motivations for the boycott of CD are various but the main motive was to reduce the price of the dairy products followed by quantity and then quality. Not to mention that the consumer hoped that the company would act and intervene by demonstrating positive actions to meet these expectations.

Nevertheless, following the negative interventions (intervention of the purchasing director of the dairy company at the SIAM, which only accentuated the desire of the boycotters), Centrale Danone has found itself in a delicate situation, which is the loss of its brand image and trust among the Moroccan consumers. This is classified as a critical strategic risk to any organization. Wanting to redeem itself, the brand has adopted the strategy of public apology with its customers, regretting the comments made by the CEO of Centrale Danone. A large company such as Centrale Danone must have a Business Continuity Plan (BCP), which should contain all the measures to protect the brand image from any possible damage, defines how to behave and the attitude to adopt in order to monitor the potential damage and, effectively, a strategy for repositioning. This, in fact, proves the absence of the BCP from the Centrale Danone strategy since the speech presented by the director was not at all studied by the public relations department of the company.

This study gave us the opportunity to point out Centrale Danone’s failures as to its response to the boycott. To restrain the latter, Centrale Danone should have combined several strategies like prevention which consists in questioning the role of the relational capital of the company and its capacity to build an asset likely to protect it from the attacks or any kind of movements of resistance. The company should also have, thereafter, studied the behavior of research and dissemination of information in a crisis and most importantly to not overlook the power of word of mouth, especially via social networks. It is essential to analyze the communication strategies (targets, media, message) that could stop the spread of such phenomena.

Finally, our study limits this analysis to the motivations of the Moroccan consumer and the CD response as a case study. This paper needs to be further studied given the importance of the problem in question, which was only dealt with from the consumer’s point of view. Respectively, that raises several major questions such as: How can a company take advantage of the boycott to reposition itself? What is the impact of the boycott on the economy?

**References**


