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Boomerang effect of a negative campaign – a case study from the market of beverages

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Abstract
Negative campaigning or "mudslinging" is a technique to win an advantage by referring to negative aspects of a competitor rather than emphasizing one's own positive attributes (Wikipedia, 2016). It is well known in politics, but "dirty tricks" can be adopted trying to improve one's position on a well-defined market. Our paper introduces a case study of a negative campaign which targeted the largest national soft drink producer of Angola, Refriango.
Nine weeks after the outbreak of an SMS campaign of a suspected contamination of its products, we asked 500 people to fill in a questionnaire with the aim to measure the effects of the attack on consumer behaviour. Our results have shown that the unidentified attacker managed to provoke uncertainty among consumers. Nevertheless, by denying the allegations and using a rapid remedial campaign, the attacked firm succeeded in restoring its image and position on the market Above all these, by becoming known among wider range of the population, they could even increase the number of their consumers. We could demonstrate the boomerang effect of the negative campaign.

Keywords: *Angola, beverage consumption, consumer behaviour, negative campaign.*

JEL Classification: *M31*

1. Introduction

During recent decades consumers got used to get more and more information about great variety of products and services every day.

Most of these contain positive content, referring to positive aspects of the product or service, but fierce competition in the market can lead businesses to use different techniques to get attention, gain more market share and profit among their competitors.

Negative marketing is a strategy used in order to make one's product look better than the others proving that the other one is bad. While some people may find this to be unfair or unethical it is a marketing strategy used all the time, because it really seems to work. This type of marketing is aggressive, that is why there seem to be so many hard feelings of it. Those who apply, term it as "comparative marketing", that way the firm cannot be accused of trying to destroy the business of someone else. Nevertheless the method is only for a company that consumers have grown to trust, without it they will not listen to what they say.

The information offered with negative marketing tends to remain with the consumer for a very long time. They won't easily forget the message that captured their attention and that gets results for the advertiser and increases sales. With hard economic times many businesses consider to use those methods of advertising that are going to generate sales for them (Anonymous, 2016).

1.1 The market of soft drinks in Angola

According to the results of a survey completed by the AC Nielsen Company in 2012, the market of non-alcoholic drinks had an estimated 2.3 billion dollar value, with an increase of 6 per cent a year. This means an estimated 3 million litres of various types of soft drinks, including

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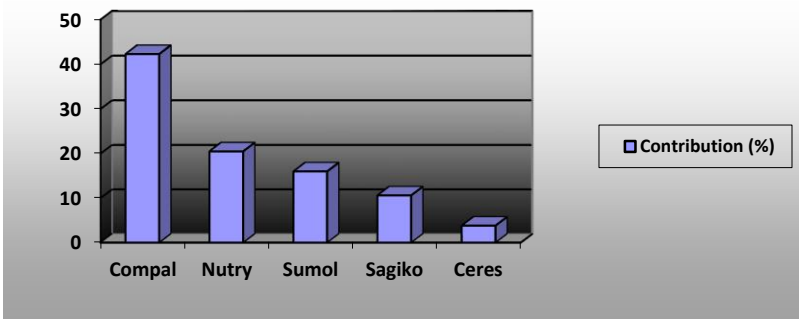
carbonated soft drink, water, juice, tonic, dairy products, energy drink, hot drinks and sport drinks, per year. The most consumed of these categories are carbonated soft drinks, with an estimated 60 per cent share (1 800 000 litre) followed by juices with 28 per cent (850 000 litre). There is a substantial preference towards carbonated soft drinks, and this is the main market for the Coca-Cola Company with a share of 62 per cent. We have to mention, that Coca-Cola is not represented in other sectors of soft drinks. Juice market is shared mostly by five competitors, shown in **Figure 1**. Among others, the only national producer of juices, Refriango turns up second place with its brand Nutry (Vemba, 2012).

Figure 1: Major participants of the juice market in Angola (prevision for 2012)



Source: AC Nielsen study for the Coca-Cola Company – Prevision for 2012 (Vemba, 2012).

1.1.1 Brief history of Refriango

The most successful and fastest growing company of the national food industry was founded in 1992 as Acorango. Initially traded with beverages imported from Portugal, its first repository was located close to the Port of Luanda. Six years later the first manufacturing plant started producing alcoholic drinks as Abastango, applying the latest technology and equipment, with a capacity of 60 000 bottles of vine a day by its own brands, Gaivota and Encosta. The success established their further development. In 2004 the firm already had three different sub-units:

1. Abastango – sub-unit for bottling vine;
2. Luanday – changing Acorango, responsible for logistics, distribution and human resource management;
3. Refriango – sub-unit for producing soft drinks.

New brands were introduced the following years (Blue, American Cola, Sangria Tropicana, Dom Cacho) could easily conquer the Angolan market. Brand "Blue" received a prestigious recognition in Europe, winning gold prize of an international food quality competition of the Monde Institute in Brussels (AngolaBela, 2014).

The firm continued its expansion. On the 10th of November 2005, the country's prime minister officially opened the new manufacturing plant built on a four hectare territory, with an investment of 40 million USD in Kikuxi district, Luanda. It was capable of producing on ten product lines, giving work to 1476 employees.

The expanded product lines according to Refriango homepage (2016) as follows:

- Vines: Gaivota, Dom Cacho, Alentejo;
- Mineral water: Água Pura;

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- Carbonated soft drinks: American Cola, Red Cola, Sangria Tropicana, Blue, Blue Polpa, Twist
- Tonic: Welwitschia;
- Ice tea: N'ice Tea;
- Juices: Nutry, Tutti, Super Cuia;
- Energy drink: Speed.
- Sport drink: Pura Sport

The company moved toward internationalization, first exporting to neighbouring countries and to Portugal. The fast development excited significant changes in market share of beverages. No one could predict, what came next.

1.1.2 Launching an Attack on Refriango

On the 25th of October, 2013 an unidentified source launched an SMS campaign sending the same message to tens of thousands of cell phones with the following content:

"Urgent message to everyone. The following days do not drink any brand of Refriango, for example Blue, Água Pura, Red Cola, Nutry juice, etc. One employee of the company has contaminated these, introducing his blood infected with AIDS…Follow TPA. Send this message to as many people as possible."

The following days the news spread across the country. Shortly after, the National Institute for Consumer Defence (INADEC) replied with another message, declaring: "The message about contamination of national drinks are false. Trust your country. What is national, it is good, and have quality. Message of INADEC, the National Institute for Consumer Defence."

Refriango itself also responded to the allegations sending SMS to mobile phones, appearing on television, in radio programmes and advertisements also declaring: "The message about contamination of brands of Refriango was false. There is no risk of consume, trust us and defend the truth, share this message. Refriango - Passion for Angola."

1.2 Hypothesis

Nine weeks after the allegation, we put up a questionnaire examining the effect of the negative campaign on the population of the capital city, Luanda. We set up two different hypotheses for the possible effects of the campaign.

- Hypothesis 0: we would not reveal any considerable changes of consumer behavior, because the image of the company is stable, consumers trust the quality of their products.
- Hypothesis 1: due to negative campaign a considerable number of consumers relate their experience of uncertainty and becoming cautious or even stop consuming the brands of the accused company.

2. Data and Methods

We conducted our quantitative research on the 7th of June, 2013 nine weeks after the campaign broke out. Our questionnaire consisted of two opening questions (gender and age), five close, structured questions about the message, how did the answerers felt about it, and also about its effect on their behaviour. The sixth question was an open one about the preferred brand of soft drinks.

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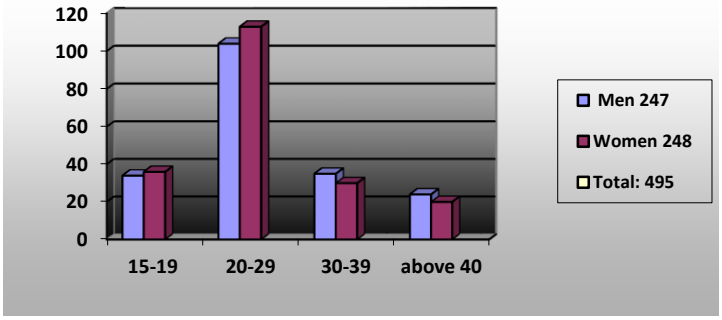
We conducted face-to-face questioning using paper based method. The fieldwork was performed on various locations of the capital city, Luanda, in streets, markets, schools, a university, churches and supermarkets. The interviewers were fourth year students of the Faculty of Economy and Social Sciences of University Jean Piaget. The sampling size was 500 people using simple random sampling method. The data were processed manually and the main results are shown as tables and diagrams edited applying Microsoft Word 2010 (Gyulavári, Mitev, Neulinger, Neumann-Bódi, Simon & Szűcs, 2012).

3. Results and Discussion

3.1 Age and Gender distribution

The answers to our opening questions are shown in **Figure 2** demonstrating the age and gender distribution of the respondents. Four of them did not give an age and the one under 15 was excluded. The diagram is not representative for the population pyramid but refers to the majority of young persons in society.

Figure 2: Age and sex distribution among respondents



Source: results of our survey 07/06/2013

3.2 Results

First we asked whether the respondent was aware of the message of contamination regarding to products of Refriango. The results showed a very high 95 per cent (475 of 500) awareness. Our second question tried to find out how many of them had received the cited message on their mobile phones. We measured a 79.6 per cent positive (398 of 500) and a 20.4 per cent negative (102 of 500) response. This means that the unidentified attacker directly or indirectly managed to reach about 80 per cent of telephone owners at least in the capital city. Through the third question we could evaluate the consumer group of Refriango. According to Marktest Angola, in 2011 90 per cent of residents of Luanda consumed soft drinks regularly Vemba, 2012). Our questionnaire showed 81.8 per cent (409 of 500) consume of brands of Refriango. Among non-users we could find a higher per cent of men (64 per cent) than women (36 per cent). Probably a higher percentage of men prefer drinks containing alcohol.

The fourth question allowed four different answers about the first reaction of respondents after learning the news about a possible contamination, shown in **Figure 3**. We divided the four possibilities to two similar groups. The “optimists” or “confidents” (those who did not believe the accusations and those who continued consuming, whether they believed it or not), and the “pessimists” or “skeptics” (those who wanted evidence and those who panicked). Our results are shown in **Figure 4.**

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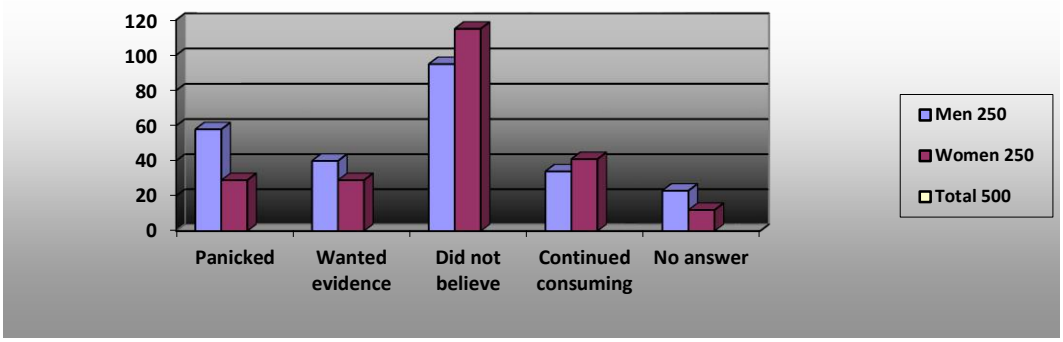
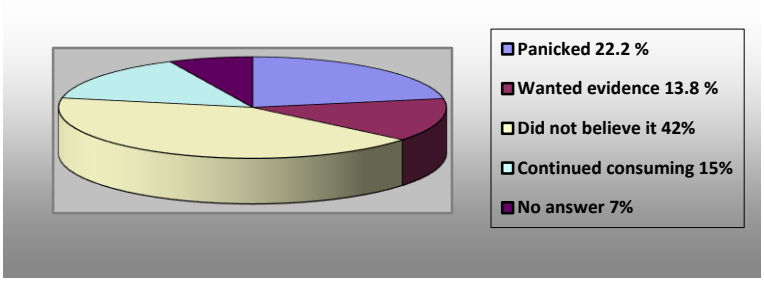
Figure 3: Distribution of answers (N) by gender to question 4



Source: results of our survey 07/06/2013

Figure 4: Distribution of answers (%) to question 4



Source: results of our survey 07/06/2013

Analysing the answers to the fifth question we were able to recognize the real actions of respondents after remedial campaign. Comparing the results with the answers to the fourth question, we could find that in the optimist group consumers did not change their consuming habits they continued buying soft drinks of the company.

On the other hand in the group of skeptics (180 of 500) only 54 (30 per cent of skeptics) never stopped consuming despite their confusion and fears, 118 of them (65.5 per cent of skeptics) stopped for a while but then returned to consumption. 7 persons of those who felt panicked and 1 person of those wanted evidence declared they stopped consuming (4.4 per cent of skeptics).

After the declaration of INADEC and Refriango, to our surprise we could discover 14 new persons among the former 91 non-consumers declaring they started buying soft drinks of Refriango. So after losing 8 and gaining 14 consumers, the number of consumers increased to 415 of 500 (83 per cent), which is a 1.2 per cent growth comparing to the 81.8 per cent consumption before the negative campaign. We could find a trend of increasing consumption.

3.3 Preferred brands of soft drinks among respondents

With our sixth question we tried to measure the preferences of soft drinks. Naturally, as we were asking questions in connection with one certain company, the answers were bent to this direction as shown in **Table 1**. Some of the respondents gave multiple answers, we took into consideration the first and second of their preferences (500 persons, 529 answers). Our results confirm the findings of the AC Nielsen Group cited by Vemba (2012) about the huge advantage of carbonated soft drinks ahead of juices or even mineral water. We could reveal the strongest competitors of these segments of the market as well.

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Table 1: Preferred soft drinks among survey respondents

Company	Sector	Brand	Preference	Total sectorial	Total of 529	Total %
Refriango	Mineral water	Água Pura	65	65	428	80.9
	Tonic	Welwitshia	1	1		
	Juice	Nutry	68	123		
		Tutti	55			
	Carbonated soft drinks	Blue	234	239		
		Red Cola	2			
		American Cola	3			
Coca-Cola	Carbonated soft drinks	Coca-Cola	12	25	25	4.7
		Fanta	12			
		Sprite	1			
Sumol	Carbonated soft drinks	Sumol	8	8	8	1,5
Compal	Juice	Compal	5	5	5	1
Sagiko	Carbonated soft drinks	Sagiko	-	-	-	-
Ceres	Juice	Ceres	-	-	-	-
No answer					63	11.9

Source: results of our survey 07/06/2013

4. Conclusion

People form specific beliefs and attitudes, and those affect their consuming behaviour (Kotler, 2002). Attitude is a cognitive evaluation with emotional content and also a tendency for action (Krech, Crushfield & Ballachey, 1962). It can express the like or dislike, the pursuit of the same or the opposite direction of a subject or an idea. The attitude of a person is based on a consistent pattern (Kotler, 2002). It is part of a matrix of connecting attitudes, that's why it is a very complicated task to change it. Individual values reflect the lifestyle, purchasing behaviour and decisions of consumers. New trends of consumption shows, that status fortifying and demonstrative aspect have been getting stronger as well (Lehota, Manuel & Rácz, 2014).

Companies have to accept market competition with specific balance of power where new competitors always arise. Companies who are attacking their competitors may gain advantage and increase their share, but ignoring consumer attitude and preferences can lead their actions turn back against them eroding long term competitive position.

Results of our research, shows the controversial outcome attacking an emerging company, especially the largest of the national food industry. Our hypothesis 0 proved to be false, and hypothesis 1 could not predict the outcome thoroughly either. It justified the consequences for only a few weeks, but could not see much further to realize the positive attitude and support around. The allegations put Refriango to the centre of interest for weeks, and even those who did not know anything of its existence could recognise their brands after the attack. INADEC expressed quality assurance and solidarity, and the company itself had the opportunity to appear on the national media and disprove allegations. The reception of their statements was positive

so they could restore their image turning hesitants back. And above all these they could even improve their performance reversing the trend after the campaign gaining new consumers.

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Appendix

Questionnaire
Refriango and a conflict generating message in March 2013

Group: _____ Gender Male ___ Female ___ Age ___

1. Have you heard about the message about Refriango product contamination?

YES ___ NO ___

2. Did you receive the message?

YES ___ NO ___

3. Did you consume Refriango products before the message?

YES ___ NO ___

4. What was your attitude after getting the information?

I got into a panic ___ I did not believe it ___

I needed certification ____ I continued consuming ___

5. How did you act after the declaration of Refriango?

I continued consuming ___ I did not consume any more ___

I did not change my behaviour ___ I started consuming ___ I

6. Which brand of soft drink do you prefer and consume most?

Interviewer: _____ N° of Questionnaire ____