

# **HYZA VS. IMMIGRANTS**

## **CASE STUDY OF IMMEDIATE CRISIS**

### **MANAGEMENT HANDLING**

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#### **Abstract**

The aim of this paper is to outline means how to build up an effective crisis communication plan for a company strongly rooted to Slovak origin product. For the purpose of evaluation of an individual brand success of a trademark awarded and labelled Značka kvality SK we choose HYZA a.s., a major Slovak poultry farm. The unexpected situation that arose in the turbulent era of mass migration which was shortly after its arousal linked with HYZA's anti-'poultry'-migration campaign is the main point of interest of our study. We will analyse in detail the strengths and weaknesses of handling this crisis situation as it visibly must have resulted in an immediate crisis communication plan creation. As each and every company, HYZA's main aim is to sustain the company goodwill and reputation in the food business and as such, their strategy must have been well considered. Our aim is to trace back their marketing communication path and to judge on the crisis communication strategy. Based on the outcomes, we will work on a new strategy development that shall not only be effective but also ready to be used in any similar situation in connection to migration as a current phenomenon. The greatest advantage, adding an extra value of high credibility of our further suggestions, is the timeliness of our case study. We study the situation from the perspective of a few months offset. We also try to provide a full overview of the trademark marketing history shortly before the crisis outburst. We will clearly define HYZA's mission and vision as a Slovak product dealer, too. This full-range analysis shall lead us to valuable outcomes and should also help us to clarify the importance of correct approach application to crisis management. Based on situation uniqueness, from both economic and political point of view, the phenomenon of (i)migration in connection with Slovak customers, has surely not yet shown its full potential.

*Keywords:* advertising campaign, crisis, communication plan, management, imigranti

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#### **1. Introduction**

Shortly after the world financial crisis that outburst in 2007/2008 (and has been considered by the economists the greatest financial crisis since the Great

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depression), Europe seems to be facing another turbulent period (induced by both migration of masses from Asia and Africa, and unsure political heading of European Union leaders) that may possibly change political as well as economic future of the overall Old Continent. Migration became the most talked about topic of the recent months in connection with its social and economic consequences, and religious, philanthropic, intercontinental impact [1]. Talking about crisis management in general, or in terms of crisis communication planning, is in this turbulent era of great challenges for the European nations a must. No clear standpoints with solutions are yet formulated at the union level (except of the one claiming solidarity), only individual member states (such as Germany and Hungary) have already clearly indicated their political standpoint to the question of migration. As Chlumská, Hes and Koubová claim in their paper 'Changes in value structures and the importance of intercultural communication in modern society', „European distrust of foreigners is deeply rooted and sometimes transforms into hatred, particularly in the case of some European countries“ [2]. The question is itchy and any attitude may be easily misinterpreted. Each and every country though, has surely created a crisis case scenario. Europe is in the situation when nearly no country dares to proclaim their viewpoint on the migration issue. The impacts may be both, positive and negative. Currently there is no solution, no clue. In this very situation, HYZA a.s., a food company functioning at national level, must only proclaim their attitude towards migration crises as their business got linked to dead migrants bodies. In fact, their attitude does not say any clearly positive message such as #refugeeswelcome [3].

## 2. The word of mouth and delivered learning principle

Since the first known ‚commercial‘ for a house of prostitution showing three simple signs (a foot, a heart and a woman) that dates back to Ancient Greece, advertising progressed immensely and nowadays it is turning the business world upside-down. The most influential marketing technique became creativity employment in any possible means. Getting back to the word of mouth, one of the threshold marketing tools, we would like to direct our attention to the potential of delivered learning and the impact of this promotional tool employment here, in Slovakia.

The word of mouth, along with its more sophisticated marketing practice of delivered learning (knowledge), is on our generally quite small Slovak market, one of the most influential factors affecting the numbers of sales. Another important fact having influence on sales is the origin of product. The importance of national origin and the label 'Made in Slovakia' still increases, especially nowadays, when people tend to go ‚local‘, traditional, bio, eco and the media overload us with the message „Buy Slovak groceries!“ (Billa), „Buy Slovak products!“ (Kaufland), „In Coop Jednota, You may buy the highest percentage of Slovak groceries“ (COOP Jednota) [3]. In 2007, the Ministry of Agriculture and Rural Development came up with the project *Značka kvality SK*.

The idea is built on the principle of *word of mouth* experience sharing. The campaign started as a project developed to promote and advertise Slovak products and groceries in cooperation with marketing companies that were supposed to run the overall campaign organisation. It was aimed at increasing primarily the sales of Slovak groceries as Slovak agriculture production show deep loss in long-term [Značka kvality SK, <http://www.znackakvality.sk/doc/ts24072007.pdf>]. In scope of production and selling radius, we speak about national market position strengthening. The primary cause of deep break in of Slovak agriculture production was after 2004 attributed especially to European Union free trade policies and to the fact that Polish, Hungarian and other nearby nation markets could easily compete Slovak domestic production of groceries in question of price. The conditions for inclusion of a product in the range of products labelled by Značka kvality SK are clearly defined in respective TRENDY V POTRAVINÁRSTVE, a periodical emitted by the Ministry of Agriculture and Rural Development, as follows. It comprises products and groceries „with origin protection trademark, country-specific protection trademark and the trademark for ‘granted traditional brand-product’“ [Značka kvality SK, <http://www.znackakvality.sk/doc/ts24072007.pdf>].

### **3. HYZA a.s. - a branded Slovak company**

HYZA a.s. is a well-established Slovak origin poultry producer. Taking a look on their advertising activities since 2006 when Agrofert holding became the majority stake holder of THP a.s. (Topoľčianske hydinové závody), the company has ever since been high quality of product-orientated, regional sources of poultry-orientated and modern production implementation-oriented. In 2013, for example, HYZA a.s. scored extremely well in the ratings of Značka kvality SK as 8 of their products managed to obtain this title. Out of 21 producers of Slovak origin products (one of the basic criteria was the necessity of 75% Slovak components content of the final product) who applied for Značka kvality SK, HYZA a.s. was a clear and determined winner who overruled 7% of all successful nominations [Až osem HYZA výrobkov ocenili značkou kvality SK, <http://medialne.etrend.sk/marketing-tlacove-spravy/az-osem-hyza-vyrobkov-ocenili-znackou-kvality-sk.html>]. The official statement of Mikuláš Šranko, the marketing director of HYZA a.s. addressed their success primarily to their company employees and to at-that-time head of the Ministry of Agriculture and Rural Development, Ľubomír Jahnátek.

„We appreciate the obtained awards. The acknowledgement for them belongs primarily to employees of HYZA a.s., who are proud of their work in a Slovak company producing Slovak poultry from Slovak farms, Slovak farmers and Slovak agriculture workers. We are also very happy that the Ministry of Agriculture and Rural Development, led by Ľubomír Jahnátek, took the challenge to prioritize and support Slovak products of Slovak origin behind which You can see Slovaks.“ [<http://medialne.etrend.sk/marketing-tlacove-spravy/az-osem-hyza-vyrobkov-ocenili-znackou-kvality-sk.html>]

In the recent 3-4 years, the company enforced their accent on high quality poultry meat, Slovak origin of animals and Slovak processors producing the final product (to support the Slovak labour market). We dare to say that their campaigns before 2015 were well targeted, unintrusive, rather subliminal billboard campaigns with casual press advertisements in Slovak papers.

#### **4. The controversy - SASC hits, HYZA a.s. hits back**

In second quarter of 2015, HYZA a.s. came up with an equivocal marketing campaign that shall signal high ambitions of the company to raise tremendously sales of Slovak poultry. As HYZA is in numbers the biggest Slovak poultry producer, the campaign was meant to raise primarily their own profits. The TV advertisement spot was launched in May 2015 with the title *Hyza vs. Imigrants or Attention to 'Chickenry'*. It was produced by BeOnMind production company (directed by Samuel Vičan, production by David Vaverčák), as a low cost project promoting a creative idea of animated chickens representing an offset of the poultry market. The choice of production company for HYZA a.s. campaign was a reasonable step as BeOnMind is referenced by no less important clients than Audi, Bratislava municipality, IHF, Marco Mirelli, OLO, RTV, TV Markíza, etc. The company was a full scope service choice working out the overall concept, creative processing, strategy of marketing and production of the advertisement. Moreover, the marketers just come up with the idea of concept of the advertisement and the final word, the decision about the actual commercial is done by the stakeholders. Let us not forget to mention the fact that Agrofert is owned by Andrej Babiš, a think-to-be media business magnate on the Czech and Slovak media market who, for sure, would not allow his personnel to take uncertain steps in their company marketing activities for no presumed reason.

The audience response to the commercial was controversial from the very beginning. The controversy aroused mainly from two undeniably conflicting opinions. On one side, there were supporters of the advert claiming that finally there happen to be a company courageous enough to direct the attention of Slovak consumers on higher (and eventually better) standards to be set by Slovak legislation in regards to foreign country export groceries. HYZA a.s. indirectly suggested in their campaign that as long as there is imported low-quality poultry, Slovaks shall avoid buying it and the consumers shall prefer Slovak origin poultry [*HYZA and their apt commercial for chicken immigrants*, <http://komerčne.eu/hyza-a-jej-trefna-reklama-s-kuracimi-imigrantmi/>]. The website [www.uprimnekurca.sk](http://www.uprimnekurca.sk) even nowadays gives their customers the option to verify in detail the origin of their product. (The site enables the clients to enter a unique ID number of each and every chicken bought and to verify their Slovak farm origin as well as exclusive Slovak processing.) On the other side, there arose an enormous repulsion wave of the public who linked the national undertone of the commercial directly to the migration crisis affecting Europe and they found the advertisement not only offensive but even xenophobic.

At the beginning of June 2015, an official claim was raised on The Slovak Advertising Standards Council (SASC) - Rada pre reklamu (RPR). The main issue happened to be the term *immigranti* in association with company web *immigranti.sk* that was created as one of HYZA a.s. online campaigns (just like their campaigns *www.hyzacik.sk*, *www.uprimnekurca.sk* and *www.nagril.sk*). Shortly after the launch of '*Immigranti*' campaign on the Internet, the viewers' reactions might have been redistributed in two opposing camps. Certain part of the public found the advertisement politically incorrect (especially thanks to wording such as „*illegal immigrants*“, „*they tried to prove their identity by the help of documents without country of origin stated*“, „*the crew of the car was taken for an interrogation and then taken into custody*“ in the TV spot and the water sign „*deported*“ accompanying the hoaster campaign). The commercial supported the idea of homeland Slovak poultry to be the best choice of Slovak customers as it is „*a true Slovak chicken*“- „*pravé slovenské kurča*“. (The term „*pravé slovenské kurča*“ is still used as a settled motto within the campaign *uprimnekurca.sk*.) The claims of the adversaries of the commercial were partially considered to be justified. In mid-June SASC (RPR) proclaimed their statement in regards to the controversial advertisement as follows: „The council do not perceive the commercials containing stated negative references to be created with any sense of responsibility towards the consumer and as such, we consider the commercial to be violating the Code.“ [*Kampaň Imigranti na Babišove kurčatá Hyza je neetická*, <http://www.omeiach.com/reklama/item/6937-kampa%C5%88-immigranti-na-babisove-kurcata-hyza-je-neeticka>].

Further on, SASC agreed with the claim that the advertisement imposes the opinion of low-quality foreign products and possible xenophobic connotation of the commercial use of words in connection with the-same-time migration crisis. The ad as such, could have been considered as false advertising, moreover against morality.

The reaction of HYZA a.s. to the decision of SASC was quite surprising. After negative feedback from part of the viewers and the advertising council, the company did not decide to draw back the commercial as a whole pack. They chose the option to slightly modify it (avoiding the provocative wording „*illegal immigrants*“ and „*the origin matters*“) and to let the renewed commercial be streamed online only. The solution of the poultry company was, after all, just to slightly modify the content and wording. As it seemed at that time, HYZA were still satisfied with the outcome of the creative production team, at that time already intentionally pointing out at the negatives of the immigration crisis.

Another challenge in connection to the advertising campaign was imposed on HYZA a.s. in August 2015 when unexpected circumstances arose negative publicity towards the company. On 27<sup>th</sup> of August, the Slovak public was overwhelmed by the news on more than 70 dead bodies found in Austria being transported in a Slovak chicken company HYZA truck (even though the information was shortly after its release corrected to „a truck previously owned by HYZA“, as at the time of the incident, the lorry was more than a year in possession of a different owner than HYZA a.s. who sold it in 2014). The

corpses belonged to the immigrants transported from East Asia countries towards the countries of western civilisation in search of more stable future. At this point, the connection with migrants became very strong, as the company HYZA a.s. launched just shortly before the immigration related ad campaign.

## 5. Pure luck?!

At the very moment when the tragedy was revealed, HYZA a.s., a well-known Slovak chicken meat producer's logo, became one of the most discussed topics on the Internet, especially here, in Slovakia. The morbid pictures of the scene, could not hide the logo of the company as it invaded the internet. At all levels, the fate of the advertising campaign was at the very moment signed. The company removed the commercial from their paid online channels the very same day (the web *www.imigranti.sk* was already removed after the intervention of SASC). What is surprising, even nowadays, is the fact that nobody could find any foreign language article of any foreign opinion-making newspaper pointing out at the link in between *Hyza vs. Immigrants or Attention to 'Chickenry' commercial* and the mortal accident of immigrants who died in the truck labelled by the company's logo. It looked like if the commercial was never launched. Such an important and surprising link as the one connecting the company and its commercial (really accidental) failure was never revealed to wide public in the world. You may find certain blogs discussing the topic, mostly commenting on HYZA's unfortunate choice of ad campaign's topic, though no official reports were filled, no investigative article was ever written. A few news reports appeared on the internet and in the press too, mostly in neighbouring countries (Czech and Hungarian ones). However no significant discussion was initiated in regards to the *unfortunate* ad. How comes that a simple wording modification of the *xenophobic* commercial was sufficient as first instance correction? And, most of all, how is it possible that there was no mention of the link in between the tragedy and shortly before run commercial campaign of HYZA in direct connection to migration opposition in foreign press? Lack of true investigative journalism in the world, especially in Central Europe? Ignorance? Pure luck of Agrofert, the owner of HYZA a.s.?!

## 6. A throwback analysis

After several months, how could the unexpected coincidence be judged from the point of view of business? What are the sales numbers? What could have been handled better by the PR people of HYZA a.s.? These, and many other questions, arise in connection with the coincidental lapsus of HYZA a.s. Generally speaking, the company manoeuvred the situation with minimal loss of capital resulting from sustained sales and neglectable decrease of customers' fidelity. The company might have ended up in far worse situation and in red numbers provided that the scandal would be spoken about for longer period of time and spin doctored in respective way. Visibly, the management of the

company expected discussion in regards to the ad launch and got ready for possible questions of any emerging negative viewpoints reasoning in all possible implications from the forefront. Nevertheless, the company launched the commercial, taking it as a challenge. The less attention the company paid to the issue, the better choice it has proven to be in time. Mikuláš Šranko, the at-the-time marketing director of HYZA a.s. who happened to be the spokesperson, too, is a marketing person with clearly defined proclamation limits. At the moment when the mind-blowing commercial was launched online, Šranko based the company's general standpoint on three main principles. **First of all**, the advertising campaign was decided upon already at the end of 2014 when the situation in regards to immigration to the European Union was stabilized and there was no turn-over signalled. As such, HYZA a.s. did not expect themselves to become anyhow involved or identified as the negative light imposer in the migration crisis. **Secondly**, the advertising campaign supported primarily the long-term advertising concept of the brand, as a company awarded Značka kvality SK and an active supporter of the campaign Kvalita z našich regiónov, both of them realized with the help of the Ministry of Agriculture and Rural Development. Both campaigns claim to be politically correct and impartial. The advertisement aimed to point out at the fact that compared to the product Úprimné kurča by HYZA, the imported poultry does not have the respective quality meat. The slogan „*The origin really matters*“ hits the nail of Slovak origin importance to both Slovak customers as well as Slovak economy. **The third connection** that Šranko suggested was the fact that the campaign was primarily aimed to be funny. Surely not abusive. „I do not think that it might have offended anybody. Surely, it is humorous, however not offensive. It humorously points out at current food situation here, in our country, as it really is.“ [*Hyza v reklame bojuje proti „ftákovinám“*, <http://strategie.hnonline.sk/spravy/reklama/hyza-bojuje-proti-ilegalnym-imigrantom>]

From the marketing point of view, HYZA a.s. is a Slovak origin company that clearly states their mission. It is inevitably linked to the direct support of Slovak domestic production [*Naša misia a vízia*, <http://www.hyza.sk/?IDe=158680>]. In general, all three points mentioned above conformed to HYZA's direction of a company claiming their Slovak market support, political impartiality and business correctness. The same principles were proclaimed reasoning the campaign creation and aim after the claim was raised against the internet and TV commercial at SASC. Nevertheless, as the analysis of this control body announced, they found the commercial to be unethical, so that morally inappropriate. SASC ordered commercial content modifications which HYZA introduced and the issue seemed to be half-way solved (even though the complainer might not have been satisfied with the solution). The commercial was still in online emission and started to become even more and more popular. Three months later, in August 2015, there arose an immediate crisis after the dead bodies were found in the HYZA labelled van. At this point of time, except of minor interference with media providing response to factual questions, HYZA choose the approach of an oyster with their

head buried deep in the sand. They limited the media message to immediate marketing crisis plan scenario giving only such important hints of ideas that are really necessary and inevitable to be shared with the public and journalists. The company confirmed that the lorry in question was no longer in their ownership, that it was sold to third party already and that the stand-in-between owner should have removed the company labels from the truck before selling it. Their PR activities in this period were governed primarily by Karel Hanzelka, the spokesperson of Agrofert concern, as the owner of HYZA a.s. Having understood the potential thread of incorrect attitude application, this may be at-the-time considered to be the best step taken.

No doubt that the crisis communication, especially in case of fatal human disaster of the immigrants in the lorry might have been communicated more emotionally, probably even advocating company's compassion and sympathy with the victims. Though, HYZA maintained clear shield in regards to any political opinion expressing in the high peak of the marketing and communication crisis by keeping their *mouth shut*. They could not have picked up any better option. Especially taking into account their strictly negative attitude against the imported meat that still overrules their company's web space. „Nowadays, it is more than rare in here, in Slovakia, to find Slovak poultry. Most of poultry is imported from Poland, Brazil, France, Hungary and currently even from Romania. It is nearly impossible to track back the origin of the poultry or any information about the poultry feed. The investigation results clearly show that such poultry does not meet even the criteria for B-quality ranking poultry. There is often found just a small paper sticker with the date of product's shelf life that can be easily overwritten for the purpose of longer and longer shelf dispatch. Why not?! The currencies in Slovak border countries are convenient and the merchants look primarily for their own profit.” [http://www.uprimnekurca.sk/]

Finally, we may claim that nowadays, a few months after the scandalous accident, HYZA's leading position on the Slovak poultry market strengthened and is now imprinted even more profoundly in the conscience of Slovak customers as the best seller with a clearly defined business strategy and business approach. Certainly, the crisis handling of HYZA could have proven better preparation as well as a more active approach in communication. No matter how many marketing strategies there might have been employed, as the situation evolved, there was the fidelity of the customers that helped HYZA a.s. to overcome the questionable period. Fidel customers, whose word of mouth, as a unique unimposed marketing tool re-stabilized their business.

## 7. Conclusions

A well-know Czech proverb says „*After a battle everyone is a general*“. It is easy to judge with a few months set-back and even easier to come up with better, witter solutions. Nevertheless, our task in this chapter will be quite easy, as HYZA a.s. did not take that many bad steps in their crisis communication



towards media. In general, they chose a marketing path worth following for any company that would appear in similar unpleasant situation. The pros definitely prevail the cons. We will suggest certain minor enhancements following the crisis communication plan foot points as suggested by Bednárik in his article ‚Media relations and crisis communication‘ [4] who works with Čunderlík’s ‚Základy hospodárenia firmy‘ [5], that is a long-term studying material in this field. The first and the most important point for a company in crisis communication planning is coming out with the press release before the actual crisis emerges externally. This gives a company ‚the right of action‘ and creates an ideal position for general public opinion formation. In case of HYZA a.s., an official press release related to the negative publicity in regards to immigration was never published – neither to SASC’s claim against HYZA’s ad, nor the unfortunate accident of dead corpses found in the van with HYZA’s logo. HYZA missed the chance to come up with the information as the first party involved, however taking into consideration the small Slovak market place and the fact that they wanted the scandal to end up as soon as possible, the less attention paid has proven the better choice to be made. The second point to be employed is a general standpoint clarification – in other words, what did happen from the perspective of the company. Here, HYZA made a tremendously good statement by simply clarifying their three viewpoints linked with their company’s general vision (to advocate their ad campaign) and then clarifying the execution of lorry selling (they clarified the fact why the company’s logo was still present on the lorry with corpses even though it was no longer in the company’s ownership). In the latter case, they also clearly suggested who should have removed the company’s label from the lorry and blamed the fault on the new owner of the lorry whom the company sold it to back in 2014. The third point creates the first chance to criticize HYZA’s approach of handling the crisis communication planning. Bednárik suggests that the third important point in crisis communication is that the company shall communicate clearly their future steps and precautions to be taken. The company should have published a formal statement for the media not only in regards to their sympathy expressed towards the victims of human trafficking and the mortal accident of 70 immigrants trafficked, but also in case of the future destiny of their anti-immigration advertising campaign. They should have made it clear that they will no longer employ any advertising anyhow linked with immigration crisis to avoid any possible connection with this unfortunate accident. Here, the company failed to act and visibly, it was intentional. As already mentioned above, the general owner of the company HYZA a.s. is a cross-border concern Agrofert holding, owned by Andrej Babiš. Actually, it was only two days before the incident of the dead bodies found in the lorry appeared in the press that Andrej Babiš proclaimed his strictly negative attitude towards immigration to the Schengen Area and he made an official speech expressing support to closing the borders of the Schengen Area and requesting direct intervention of NATO while closing the borders. It was on the 25<sup>th</sup> of August 2015 that the web portal *parlamentnilisty.cz* came up with Babiš’s proclamation encouraging the European Union countries

bordering with the countries where the highest numbers of immigrants are coming from (such as Greece, Hungary, Macedonia, Bulgaria, Romania) to say a clear „**Stop!**“ to economic immigrants crossing their borders, entering this way the *open borders space* of Schengen and subsequently of the whole EU. „They have to say to them (the immigrants), You cannot come to our territory for being unemployed and straight away granted the financial support from our state,....., [Okamžitě zavřete hranice. Andrej Babiš promluvil nebyvale ostrě k imigraci, <http://www.parlamentnilisty.cz/arena/monitor/Okamzite-zavrete-hranice-Andrej-Babis-promluvil-nebyvale-ostre-k-imigraci-396555>] Taking into consideration Babiš's averse to immigrants in the context of whole immigration ad campaign and subsequent accident, the company HYZA a.s., in direct connection with him as one of the major owners, could not deliver any great words of compassion and express their independent attitude to any further immigration occurrences. At this stage of closing up the whole story we shall not forget that Babiš has been in 2015/2016 also the head of Czech Republic finance. By choosing this inaction, HYZA had no other chance but to ignore also the last point of successful crisis management planning that refers to an official announcement promising to provide further information once available.

Closing the whole story up, defensive strategy with minimum (or only necessary) information provided proved to be the reason why HYZA kept their leading position on the poultry market even after such tremendous times such they encountered during 2015. Sometimes, silence is really golden even if not morally...

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