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Greenpeace, Nestlé and the Palm Oil Controversy: Social Media Driving Change?

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*"Two years ago, we asked Nestlé to stop buying palm oil from a company that was consciously destroying Indonesian forests. They never answered us...we thought that with the evolution of social media we could strike harder and in a more organized fashion this time around."*¹

- **Daniela Montalto, Forest Campaign Head at Greenpeace, in 2010**

*"The ability to foster change proves that social media has come of age. Social media is a powerful communication and coordination tool The world is changing and irresponsible businesses must now acknowledge that the revolutionary power of social media is a serious threat."*²

- **Richard Matthews of Green Conduct³, in 2011**

INTRODUCTION

One of the world's largest food processing companies, Nestlé SA (Nestlé), found itself mired in a public relations nightmare in 2010 when the environmental protection group Greenpeace International⁴ (Greenpeace) held that the company's chocolate confectionery brand Kit Kat contained palm oil, whose production was leading to the destruction of rainforests.⁵ Palm oil has a range of uses and is principally grown in Indonesia where it makes a substantial contribution to the economy.^{6,7} However, the expansion of palm oil cultivation came at the cost of destruction of rainforests, which were a home to the orangutans.⁸ Besides, the clearing of rainforests contributed to greenhouse gas emissions, leading to global warming.⁹ Greenpeace had generated increased

¹ "How Greenpeace Reduced Nestlé's Kit Kat to Virtual Crumbs," www.france24.com, April 2, 2010.

² Richard Matthews, "The Revolutionary Power of Social Media Driving Corporate Environmental Sustainability," www.greenconduct.com, February 25, 2011.

³ Green Conduct is a forum for discussing and communicating about sustainability.

⁴ Greenpeace, based in Amsterdam, Netherlands, is a non-governmental environmental organization. It has offices in several countries. The stated objective of Greenpeace is to "ensure the ability of the Earth to nurture life in all its diversity". Greenpeace has focused on issues of deforestation, global warming, commercial whaling, overfishing, and nuclear issues. Greenpeace is known for its use of direct action lobbying and research for achieving its goals. It relies on individual supporters for its funding.

⁵ "Nestlé's 12 Dark Secrets Worldwide!" www.theequalizerpost.wordpress.com, November 18, 2010.

⁶ Yoga Rusmana, "Sinar Mas Says Report Clears Them of Greenpeace Claims That Cost It Nestlé," www.bloomberg.com, August 10, 2010.

⁷ "Greenpeace Boycotts Nestlé: 'Don't have a Kit Kat Break Today,'" www.digitaljournal.com, March 23, 2010.

⁸ Orangutans are primates which are native to Indonesia and Malaysia. They are found in the rainforests on the islands of Borneo and Sumatra.

⁹ "Deceit and Global Warming: Greenwashing the Palm Oil Industry," www.mongabay.com November 12, 2007.

awareness about palm oil and firms like Unilever NV (Unilever)¹⁰ had stopped purchasing palm oil from controversial suppliers such as the Sinar Mas Group¹¹ (Sinar Mas)¹² Subsequently, Greenpeace targeted Nestlé as it was one the largest food and drink companies in the world and a major consumer of palm oil.¹³ According to some critics, the Nestlé management seemed to be violating its code of ethics which stated that Nestlé employees should act legally and honestly while avoiding any conduct which could damage the company's reputation.¹⁴ Greenpeace put pressure on Nestlé to discontinue buying palm oil from its supplier Sinar Mas, which was alleged to have been involved in illegal rainforest clearance in Indonesia. The social media¹⁵ campaign included a provocative video combined with a massive online protest on the Nestlé Facebook¹⁶ page.¹⁷ The campaign proved to have high impact, forcing Nestlé to clarify its stance on palm oil and create a timetable for cleaning up its palm oil supply chain.¹⁸ Industry observers pointed out that Greenpeace had used social media and direct action effectively to get its point across and to score a major victory for the orangutans and the rainforests.¹⁹

PALM OIL, RAINFORESTS AND ORANGUTANS

Palm oil, derived from the pulp of the fruit of the palm tree, has a variety of uses ranging from food and consumer products to cooking oils and fuel additives.²⁰ It is used in a vast array of food and consumer products.²¹ According to the World Wildlife Fund for Nature (WWF)²², palm oil is used in 50% of all packaged supermarket products.²³ It is also becoming popular as a biofuel.²⁴

¹⁰ Unilever is a British-Dutch multinational corporation that owns many of the world's consumer product brands in foods, beverages, cleaning agents, and personal care products.

¹¹ The Sinar Mas Group is one of the largest conglomerates in Indonesia. It was formed in 1962. Its main businesses are Pulp and Paper, Property and Financial Services. PT Smart is its subsidiary which is involved in the production of palm oil.

¹² "Nestlé Drops Indonesia's Sinar Mas as Palm Oil Supplier," www.palmoilhq.com, March 18, 2010.

¹³ "Greenpeace Boycotts Nestlé: 'Don't Have a Kit Kat Break Today'," www.digitaljournal.com, March 23, 2010.

¹⁴ "Nestlé and Shell: Why Can't They Follow Their Code of Ethics?" www.theequilizerpost.com, October 15, 2010.

¹⁵ Andreas Kaplan and Michael Haenlein define social media as "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, which allows the creation and exchange of user-generated content." Examples of Web 2.0 include social networking sites, blogs, wikis, video sharing sites, hosted services, web applications, mashups and folksonomies.

¹⁶ Facebook is one of the leading social networking services.

¹⁷ Caroline McCarthy, "Nestlé Mess Shows Sticky Side of Facebook Page," www.news.cnet.com, March 19, 2010.

¹⁸ "Did the Greenpeace Palm Oil Campaign against Nestlé Really Work?" www.fabianpattberg.com, March 29, 2010.

¹⁹ Richard Telofski, "Social Media Protest Campaign Reveals Greenpeace Weaknesses," www.globalgovernancewatch.org, April 6, 2010.

²⁰ Yoga Rusmana, "Sinar Mas Says Report clears them of Greenpeace Claims that Cost it Nestlé" www.bloomberg.com, August 10, 2010.

²¹ The food based uses of palm oil include use as cooking oil, as fats, shortening, margarine, spreads, confectionery fat, coffee creamer, and imitation dairy products. Its non food uses include in soaps, Fatty Acids, Methyl Esters, Fatty Alcohols, Glycerine and Expoxidised Palm oil.

²² WWF is the world's largest independent conservation organization.

²³ "What is Palm Oil," www.wwf.org.au/ourwork/land/land-clearing-and-palm-oil/

The oil palm is an efficient crop and is relatively cheap (Refer to Exhibit I on vegetable oil prices). The rising demand resulted in pulling up its prices, which touched US\$800 a tonne in 2010. Its production touched 46.9 million tonnes in 2010, up from 45.3 million in 2009, with most of the increase coming from Indonesia. The first palm oil plantations emerged in Malaysia in the 1930s and later spread to Indonesia. The two countries supplied 90% of the world's palm oil in 2010.²⁵ (Refer to Exhibit II on palm oil exports). Palm oil is Indonesia's most significant agricultural export – it was reported that in 2008, Indonesia exported nearly US\$14.5 billion of palm oil related products. The principal area for palm oil production is Sumatra, which has nearly 80% of the total palm oil production. Nearly 49% of the plantations are privately owned. Small stake holders hold almost 41% of the plantations, while the government holds the remaining 10%.²⁶

However, the cultivation of palm oil has had several devastating consequences for the environment. Experts noted that from less than 2,000 square kilometers in 1967, the area under palm oil cultivation had expanded to more than 30,000 square kilometers by 2000. The United Nations Environment Program (UNEP)²⁷ held that the spread of palm oil plantations was the greatest threat to the forests of Indonesia and Malaysia.²⁸ According to Greenpeace, "Demand for palm oil has been increasing so much that the companies that sell it are levelling rainforests in Indonesia to make way for palm oil plantations. We need those rainforests... Indonesia (is) the third largest carbon emitter after the United States and China... Deforestation is actually responsible for...1/5 of total emissions... Deforestation is also trashing orang-utan habitat, pushing this already endangered species to the brink of extinction, and destroying the livelihoods of local people."²⁹ According to the UNEP, oil palm production would wipe out 98% of Indonesia's remaining forests by 2022.³⁰ (Refer to Exhibit III on Deforestation in Borneo). The palm oil industry was also charged with land grabbing, since expansions were occurring in areas where communities had traditionally used forests but lacked the title to land.³¹

Orangutans, a keystone³² species, played an important part in forest regeneration.³³ Moreover, the Sumatran orangutan had been classified as "Critically Endangered" by the International Union for Conservation of Nature (IUCN)³⁴. Orangutans were protected by legislation that prohibited their being owned, captured, or killed. However, a major threat to the orangutans was the loss of their habitat due to the devastation of rainforests in Southeast Asian countries like Indonesia and Malaysia -- which were considered the world's biodiversity hotspots.³⁵ According to experts, the population of wild Sumatran orangutans had declined drastically from almost 12,000 in 1994 to 6,500 in 2008. According to observers, there was a loss of 80% of orangutan habitat during 1975-

²⁴ Ian MacKinnon, "Palm Oil: The Biofuel of the Future Driving an Ecological Disaster Now," www.guardian.co.uk, April 4, 2007.

²⁵ "The Other Oil Spill," www.economist.com, June 24, 2010.

²⁶ "The Economic Benefit of Palm Oil to Indonesia" www.worldgrowth.org, February, 2011.

²⁷ UNEP coordinates environmental activities and promotion of environmentally sound policies and practices in developing countries.

²⁸ "The Other Oil Spill," www.economist.com, June 24, 2010.

²⁹ "Greenpeace Boycotts Nestlé: 'Don't have a Kit Kat break today'" www.digitaljournal.com, March 23, 2010.

³⁰ Jennifer Macey, "Nestlé Defends its Use of Palm Oil at AGM" www.abc.net.au, April 16, 2010.

³¹ Rhett A. Butler, "Nestlé's Palm Oil Debacle Highlights Current Limitations of Certification Scheme" www.news.mongabay.com, March 26, 2010.

³² A keystone species is one that has a disproportionate effect on its environment relative to its biomass.

³³ "The Conservation Status of the Sumatran Orangutan," www.orangutans-sos.org/orangutans/crisis/

³⁴ IUCN is the world's oldest and largest global environmental network.

³⁵ Biodiversity stands for the degree of variation of life forms in a given ecosystem or planet. A biodiversity hotspot is a significant reservoir of biodiversity which is under threat from humans.

1995.³⁶ The expansion of oil palm plantations across Sumatra and Borneo had involved the clearcutting³⁷ of millions of hectares of forests, even under protected areas. According to experts, the conversion of forests to oil palm plantations was occurring on a massive scale and logging was being reported even within protected areas. The building of road networks had fragmented the habitat of the remaining viable populations of orangutans. This had led to conflict between humans and orangutans since the orangutans were forced to leave the degraded forest fragments in search of food. Moreover, the orangutans were seen as a threat to plantation profit and were killed.³⁸ According to experts, they could soon be extinct in the wild.³⁹

ISOLATING SINAR MAS

Industry observers felt that Greenpeace had turned palm oil into a commercial liability for various companies. For instance, on April 21, 2008, Unilever was the target of 'raids' by Greenpeace activists dressed as orangutans at its headquarters in London and at its facilities in Merseyside and Rotterdam.⁴⁰ The activists were protesting against the use of palm oil in Dove, a popular soap brand from Unilever.⁴¹ According to a Greenpeace report in 2008, Unilever used about 3% of the global production of palm oil and nearly half of this originated from Indonesia.⁴² Greenpeace singled out Sinar Mas as the worst offender. According to Greenpeace, "Sinar Mas is the largest producer of palm oil in Indonesia. It supplies many...companies worldwide... Sinar Mas is also breaking Indonesian law by clearing protected forests for its palm oil plantations."⁴³

Sinar Mas contended that the Greenpeace report was "one-sided, inaccurate, exaggerated, and misleading".⁴⁴ It appointed two agencies, Control Union Certification and BSI Group, that were certified by the Roundtable on Sustainable Palm Oil (RSPO)⁴⁵ -- to review the allegations.⁴⁶ The agencies eventually cleared Sinar Mas of the charge of destroying rainforests in Indonesia. They held that "the environmental campaigner (Greenpeace) was wrong in much of its campaign and exaggerated throughout... the allegations made were largely unfounded and that SMART⁴⁷ was not responsible for deforestation of primary forests and the destruction of orangutan habitats."⁴⁸ The report held that none of the areas cleared were primary forests. Though there were instances of planting on peatlands and deep peat, it was not as extensive as claimed, they said. Moreover, the agencies held that there had been no violation of Indonesian law.

³⁶ "The Great Apes Film Initiative," www.nutshellproductions.co.uk/gafi/difference.html

³⁷ Clearcutting denotes a controversial forestry practice in which nearly all trees in a harvest area are cut down.

³⁸ Jennifer Macey, "Nestlé Defends its Use of Palm Oil at AGM" www.abc.net.au, April 16, 2010.

³⁹ "The Conservation Status of the Sumatran Orangutan," www.orangutans-sos.org/orangutans/crisis/

⁴⁰ "The Other Oil Spill," www.economist.com, June 24, 2010.

⁴¹ "Chimpanzee News – Other Great Apes," www.janegoodall.ca/institute-news/othergreatapes.php

⁴² "How Unilever Palm Oil Suppliers are Burning Up Borneo," www.greenpeace.org, April 21, 2008.

⁴³ "Greenpeace Boycotts Nestlé: 'Don't have a Kit Kat Break Today'" www.digitaljournal.com, March 23, 2010.

⁴⁴ "Indonesia's Palm Oil Gambit," www.asianz.org.nz/newsroom/regional-matters/palm-oil-indonesia

⁴⁵ The Roundtable on Sustainable Palm Oil (RSPO) is a Kuala Lumpur-based trade body of producers and buyers. It was set up in 2004 to promote the growth and use of "sustainable" palm oil, which was certified as not having any link to destruction of high conservation value forests. Unilever and Nestlé are its members.

⁴⁶ Yoga Rusmana, "Sinar Mas to Complete Rainforest Destroying Claims Review in Three Months" www.bloomberg.com, April 7, 2010.

⁴⁷ PT SMART is a subsidiary of Sinar Mas.

⁴⁸ Yoga Rusmana, "Sinar Mas Says Report Clears them of Greenpeace Claims that Cost it Nestlé," www.bloomberg.com, August 10, 2010.

However, Greenpeace expressed doubts over the neutrality of the investigations, pointing out that the agencies had been appointed by Sinar Mas itself. Meanwhile, Unilever initiated an independent investigation with the help of Aidenvironment.⁴⁹ The investigation found “the situation on the ground to be worse than depicted by Greenpeace”.⁵⁰ It found Sinar Mas guilty of destroying forests and peatlands. And this, despite the fact that the company had committed itself to “greener” palm oil production as a member of RSPO.⁵¹ Subsequently, Unilever suspended its US\$32.6 million contract with PT Smart on December 11, 2009, until the group could prove that none of its plantations were contributing to the destruction of “high conservation value forests” and peatland.^{52,53}

According to John Sauven, executive director at Greenpeace, “Unilever’s decision could represent a defining moment for the palm oil industry.... What we’re seeing here is the world’s largest buyer of palm oil using its financial muscle to sanction suppliers who are destroying rain forests and clearing peatlands...this has set a new standard for others to follow.”⁵⁴ With Unilever’s commitment to using only certified sustainable palm oil, more than twenty companies which included leading firms like Procter & Gamble⁵⁵ and Mars⁵⁶ followed suit. Gavin Neath, Senior Vice-President of Communications and Sustainability at Unilever, remarked, “We found that, in one way or another, all of our suppliers have technically infringed either RSPO standards or Indonesian law. It isn’t as easy as saying just pick the best, we can’t. We are not in a position to do that. The industry almost certainly has to go through fundamental change.”⁵⁷

NESTLÉ AND ITS CONTROVERSIES

Nestlé, founded in 1866, is headquartered in Vevey, Switzerland. The company is one of the leading players in the food and beverage categories. The company has a global presence and employed 281,000 people as of 2010. Its revenues and profits for the year 2010 were CHF 109.72 billion and CHF 34.23 billion respectively.⁵⁸

Though Nestlé was among the world’s largest food processing companies and had great consumer brands well known for their quality, critics pointed out that there seemed to be an element of arrogance in its actions.⁵⁹ The company had a history of confrontations over a range of issues.⁶⁰ There were instances where there was disregard for the corporate responsibility in many countries in which it operated. The Swiss conglomerate had had its fair share of controversies and ethical

⁴⁹ Aidenvironment is an independent non-profit consultancy dealing with sustainability issues based in Amsterdam, Denmark.

⁵⁰ “Indonesia’s Palm Oil Gambit,” www.asianz.org.nz/newsroom/regional-matters/palm-oil-indonesia

⁵¹ “Forest Destruction by Sinar Mas Undermines Efforts to Develop and Promote Greener Palm Oil,” www.news.mongabay.com, December 14, 2009.

⁵² “Unilever Cuts Palm Oil Supplier Ties After Report,” www.reuters.com, December 11, 2009

⁵³ Emily Beament, “Unilever Suspends Purchase of Palm Oil,” www.independent.co.uk, December 11, 2009.

⁵⁴ “Forest Destruction by Sinar Mas Undermines Efforts to Develop and Promote Greener Palm Oil,” www.news.mongabay.com December 14, 2009.

⁵⁵ The Procter and Gamble Company, headquartered in Cincinnati, Ohio, USA, is a leading consumer packaged goods company.

⁵⁶ Mars Inc., headquartered in Virginia, USA, is a worldwide manufacturer of confectionery, pet food and other food products.

⁵⁷ “The Other Oil Spill,” www.economist.com, June 24, 2010.

⁵⁸ “Annual Results 2010,” www.nestle.com.

⁵⁹ “Nestlé’s 12 Dark Secrets Worldwide!” www.theequalizerpost.wordpress.com, November 18, 2010.

⁶⁰ Jon Entine, “Greenpeace and Social Media Mob Nestlé,” www.blog.american.com, March 31, 2010.

dilemmas during its nearly 150-year history.⁶¹ Experts pointed out that the history of Nestlé's public relations troubles began in the 1970s with allegations of unethical marketing of baby formula⁶² in less developed countries.⁶³ Since then, Nestlé had continued to get into trouble. For instance, in 2008 it was blacklisted by the Chinese government.⁶⁴ Later, it was targeted for the misleading promotion of its bottled water brands as well as for interfering in policies that protect natural water resources.⁶⁵ Nestlé was also implicated by the International Labor Rights Forum⁶⁶ (ILRF) for its involvement with child labor in cocoa growing nations.⁶⁷ In the UK, the Ethical Consumer Research Association (ECRA)⁶⁸ gave Nestlé an ethical rating, Ethiscore⁶⁹, of 0.5 out of 20. It had found the company to be linked to social ills such as child labor, slavery, rainforest destruction, water extraction, and debt perpetuation. Critics pointed out that in 2005, when it launched the 'Partners Blend' fair trade⁷⁰ coffee, Nestlé was termed as the UK's most boycotted and irresponsible corporate.⁷¹

In 2008, Greenpeace asked Nestlé to stop procuring palm oil from Sinar Mas, but it failed to elicit any response from the company. Nestlé was said to use palm oil for making a range of products that included Coffee Mate, Nestlé Crunch, Maggi Soup Mixes, and Kit Kat.⁷²⁻⁷³ According to Steve Campbell, head of campaigns for Asia-Pacific at Greenpeace, Nestlé was "buying palm oil from suppliers and from companies on the ground in Indonesia who are involved in illegal activity and who are contributing to deforestation, to the loss of orang-utan habitat and also contributing to climate change."⁷⁴ According to Greenpeace, it had targeted Nestlé since: "Nestlé is the largest food and Drinks Company in the world, and already a major consumer of palm oil – the last three years have seen Nestlé's use of palm oil almost double. Considering its size and influence, it should be setting an example for the industry and ensuring its palm oil is destruction free. Instead, Nestlé continues to buy from companies like Sinar Mas, that are destroying Indonesia's rainforests and peatlands."⁷⁵

⁶¹ "Nestlé's 12 Dark Secrets Worldwide!" www.theequalizerpost.wordpress.com, November 18, 2010.

⁶² Baby formula is food manufactured for supporting adequate growth of infants.

⁶³ "Starbucks as Fairtrade-lite and Nestlé on the Blacklist," www.faircompanies.com/blogs/view/starbucks-as-fairtrade-lite-and-nestle-on-blacklist/

⁶⁴ "Pepsi and Nestlé Blacklisted for Water Pollution in China," www.polarisinstitute.org/pepsi_and_nestle_blacklisted_for_water_pollution_in_china

⁶⁵ "Nestlé's Sinking Division," www.polarisinstitute.org/nestle%20sinking_division

⁶⁶ The International Labor Rights Forum is a nonprofit advocacy organization that acts as an advocate for the working poor, all around the world. It is based at Washington, DC.

⁶⁷ "Nestlé," www.greenamerica.org/programs/responsibleshopper/company.cfm?id=269

⁶⁸ The ECRA is a not-for-profit, multi-stakeholder co-operative, dedicated to the promotion of universal human rights, environmental sustainability, and animal welfare.

⁶⁹ The Ethiscore is a numerical rating that differentiates companies based on the level of criticism that they have attracted. Generally, an Ethiscore of 15 would be the best, while 0 would be the worst.

⁷⁰ Fair trade coffee is one that is obtained directly from the growers. It usually retails at a higher price than standard coffee.

⁷¹ "Starbucks as Fairtrade-lite and Nestlé on the Blacklist," www.faircompanies.com/blogs/view/starbucks-as-fairtrade-lite-and-nestle-on-blacklist/

⁷² "Nestlé Doesn't Deserve a Break" www.greenpeace.org, March 23, 2010.

⁷³ "Greenpeace Report Links Nestlé to Rainforest Destruction" www.greenpeace.org, March 17, 2010.

⁷⁴ Jennifer Macey, "Nestlé Defends its Use of Palm Oil at AGM" www.abc.net.au, April 16, 2010.

⁷⁵ "Greenpeace Boycotts Nestlé: 'Don't Have a Kit Kat Break Today'," www.digitaljournal.com, March 23, 2010.

UNLEASHING THE POWER OF SOCIAL MEDIA

SPOOF VIDEO

Greenpeace began its campaign that linked Nestlé to rainforest destruction in Indonesia through its supplier -- Sinar Mas -- on March 17, 2010.⁷⁶ Nestlé's Kit Kat chocolate bars were best remembered by the tagline, 'Have a break, have a Kit Kat', Greenpeace made a parody of the Kit Kat commercial which drew attention to palm oil, an ingredient used in the bar. The "Have a Break" campaign video was placed on YouTube⁷⁷ and the Greenpeace website.⁷⁸ In the video, a bored office worker was shown taking a break from shredding documents at the office and opening a packet of Kit Kat. The pack, instead of containing chocolate, has the finger of an orangutan inside. Undeterred, the man eats the contents. His colleagues give him strange looks as blood drips down his face. In the background, you can hear the buzz of chainsaws.⁷⁹ The clip ends with a twist from Kit Kat's famous slogan: "Have a break? Give the orang-utan a break", and asks Nestlé to give the orangutan a break and stop the purchase of palm oil from companies that are destroying the rainforests.⁸⁰

Earlier, José Lopez (Lopez), Executive Vice President, Nestlé, had remarked that Nestlé only used 320,000 tonnes of palm oil a year. He felt that the criticism of Kit Kat was frustrating since the product, according to him, used only a miniscule amount of palm oil.⁸¹ After the launch of the Greenpeace video, Nestlé quickly sprang into action. It demanded that the video be removed and cited a breach of copyright.⁸² Visitors to the site who wanted to view the video were greeted by the statement: "This video is no longer available due to a copyright claim by Société des Produits Nestlé S.A".⁸³ It appeared that the firm wanted to quell the efforts of Greenpeace in its fight against palm oil.⁸⁴ Danelia Montalto (Montalto), a Forest Campaigner at Greenpeace, remarked, "Nestlé...admitted that they have been using palm oil from the destroyed rainforest in products such as Kit Kat, but having our video removed proves they are still trying to hide that fact...we'll continue putting the video up on other websites until Nestlé removes all rainforest destroying palm oil from its supply chain."⁸⁵ The video subsequently came up on Vimeo⁸⁶ and other websites. It could also be seen on the Greenpeace homepage. In their online letter to Nestlé's public relations department, Greenpeace let Nestlé know that the response to the palm oil problem was not acceptable.⁸⁷ According to social media experts, Nestlé's clumsy attempt to pull the video off simply increased the shrillness of the protest.⁸⁸ According to Montalto, "Nestlé asked YouTube to take down one of the videos. For us, this was a turning point. Nestlé's reaction irked Internet users, who then started spreading the video via their own networks. For us, it was enough to have the

⁷⁶ "Nestlé Kerfuffle" www.prezi.com/kmrh4fmlzsen/Nestlé-kerfuffle/#embed

⁷⁷ YouTube is a video-sharing website.

⁷⁸ "Greenpeace Boycotts Nestlé: 'Don't Have a Kit Kat Break Today'," www.digitaljournal.com, March 23, 2010.

⁷⁹ Jennifer Macey, "Nestlé Defends its Use of Palm Oil at AGM," www.abc.net.au, April 16, 2010.

⁸⁰ Sophia Fantis, "It's a Social Media Crisis – Epic Failure for 'Killer' Nestlé?" www.sfantis.com/?p=127

⁸¹ "The Other Oil Spill," www.economist.com, June 24, 2010.

⁸² "Nestlé Kerfuffle," www.prezi.com/kmrh4fmlzsen/Nestlé-kerfuffle/#embed

⁸³ Lori Colman, "Viral Gets Nestlé ... The Palm Oil 'Incident'," www.naturalproductsinsider.com, June 30, 2010.

⁸⁴ "Nestlé Blocks Greenpeace YouTube Video," www.greenpeace.org, March 17, 2010.

⁸⁵ "Nestlé Blocks Greenpeace YouTube Video," www.greenpeace.org, March 17, 2010.

⁸⁶ Vimeo is a video-sharing website.

⁸⁷ Robin Shreeves, "Greenpeace and Nestlé in a Kat Fight" www.forbes.com March 19, 2010.

⁸⁸ "The Other Oil Spill," www.economist.com, June 24, 2010.

video posted on other video-sharing sites. Right now it's not on YouTube, but it has still been viewed more than a million times!"⁸⁹ The video that had initially attracted almost no attention – according to some reports, it had had less than a thousand views – eventually attracted almost 78,500 reviews.⁹⁰ Eventually, the banned video also came back on YouTube.⁹¹

FACE OFF ON FACEBOOK

Observers noted that Nestlé went on to suffer a negative onslaught on social media. Though the Nestlé Facebook page had more than 109,502 fans, it seemed that many had joined just to make critical comments about Nestlé products.⁹² The censorship had mobilized social media activists and it was reported that the word had spread to nearly 400 million members. The Nestlé Facebook fan page suddenly saw an influx of visitors. Negative comments about Nestlé's actions began to spread on the site.⁹³

It seemed as if Nestlé's Facebook page moderator had become too vigilant. The company infuriated many people with the tone of its comments. A major row started with the Nestlé moderator commenting on March 18, 2011, "We welcome your comments, but please don't post using an altered version of any of our logos as your profile pic – they will be deleted"⁹⁴ (Refer to Exhibit IV on the Profile Pictures on Nestlé Facebook page and Exhibit V on the Altered Logos of Nestlé). In another instance, in response to one of the hundreds of messages about the extinction of orangutans, the Nestlé administrator responded: "Get it off your chest – we'll pass it on".⁹⁵ Some observers even termed the moderator as a "pompous, self righteous maniac".⁹⁶ It seemed as if the responses were getting worse, becoming more sarcastic with every exchange.⁹⁷ Observers were shocked at the tone of the Nestlé moderator, who did not seem to have a good attitude and wanted to censor opinion on Facebook -- not an easy task. According to Kerry Gaffney, an associate director at Porter Novelli⁹⁸, "Nestlé's status updates are pushing people on to its official site to see its corporate response. Someone within Nestlé is also responding to posts, but they are not corporate in tone and are juvenile. The company should be tailoring its response more to the environment with a more human tone."⁹⁹

Observers noted that Nestlé had wanted to protect its Facebook page and had begun to remove all the critical comments and any comment where the user had a profile picture with an altered Nestlé logo. It was felt that Nestlé's action smacked of draconian censorship.¹⁰⁰ However, Greenpeace supporters took this opportunity to descend on the Nestlé Facebook page and start posting more and more negative comments with altered logos. They then began to post messages that accused

⁸⁹ "How Greenpeace Reduced Nestlé's Kit Kat to Virtual Crumbs," www.france24.com, April 2, 2010.

⁹⁰ "Nestlé Discovers the Streisand Effect... But Only After Making Things Worse and Worse... and Worse" www.techdirt.com/articles/20100318/1237168618.shtml

⁹¹ "Nestlé Kerfuffle," www.prezi.com/kmrh4fmlzsen/Nestlé-kerfuffle/#embed

⁹² Caitlin Fitzsimmons "Nestlé Fights PR War on Facebook," www.allfacebook.com August 5, 2010.

⁹³ "Nestlé Kerfuffle," www.prezi.com/kmrh4fmlzsen/Nestlé-kerfuffle/#embed

⁹⁴ Emily Bryson York, "Nestlé to Facebook Fans: Consider Yourself Embraced," www.adage.com, March 19, 2010.

⁹⁵ "Nestlé Kerfuffle," www.prezi.com/kmrh4fmlzsen/Nestlé-kerfuffle/#embed

⁹⁶ "Nestlé #Fail" www.rgc-media.com, March 19, 2010.

⁹⁷ Vikki Chowney, "Nestlé's Problem is Customer Relations Not KitKat Video" www.nma.co.uk, March 22, 2010.

⁹⁸ Porter Novelli is an international marketing-based public relations firm.

⁹⁹ Gemma O'Reilly and Kate Magee, "Nestlé Faces Facebook Crisis over Greenpeace Rainforest Allegations," www.prweek.com, March 19, 2010.

¹⁰⁰ Jeremy Hance, "Nestlé Caves to Activist Pressure on Palm Oil," www.news.mongabay.com, May 17, 2010.

the company of buying palm oil that was damaging the orangutan habitat. Greenpeace also used Google AdWords¹⁰¹, and placed ads like: “Have a break: Which Chocolate Company destroys rainforests for Palm Oil?” with the www.greenpeace.org.uk link below. People who clicked on the link were taken to a page that discussed how to give a break to the orangutans. It also gave the banned video as a free gift with the request that it be widely used online.¹⁰² The story did not end there. People began setting up their own pages about the incidents: “Your Nestlé comments won’t get deleted here.”¹⁰³ Subsequently, there were various damaging and inaccurate posts that came in.¹⁰⁴ Some observers commented that Nestlé was in damage control mode and had even abandoned its Facebook page.¹⁰⁵ Nestlé choosing to keep quiet about the negative responses on its Facebook page was interpreted by Greenpeace and its supporters as a lack of concern and transparency.¹⁰⁶ According to Richard Telofski (Telofski), a social media expert, Nestlé had got struck at a rate of every 90 seconds for a span of three weeks on Facebook, which did tremendous damage to its reputation.¹⁰⁷ (Refer to Exhibit VI on the letter by Greenpeace to Nestlé PR department on March 17, 2010)

FROM TWEETS TO MAINSTREAM NEWS HEADLINES

The issue picked up steam and went on to Twitter.¹⁰⁸ There were various tweets about the debacle. For instance, a participant tweeted, “Watch Nestlé self-implode and abuse their fans on their own Facebook page”. She also gave a link to the offending post. However, the official handle at @Nestlé remained silent on the issue.¹⁰⁹ The satirical YouTube video and the posts on Twitter made the anti-Nestlé movement go viral.¹¹⁰ Within a few days -- by March 19, 2010, the issue had gone mainstream, with Sky News¹¹¹ commenting on how Nestlé was being criticized for the comments it had made on Facebook. *The Guardian*¹¹² described Nestlé’s anti-social responses. Regarding the rollout of the web campaign, Montalto commented: “The first step was to get the information out there. As soon as the campaign was online, we built websites in several languages in order to provide Internet users with proof of Nestlé’s involvement in the destruction of Indonesian forests. Next, we spread the information around on Twitter and Facebook. Then we adapted our approach as the situation evolved.”¹¹³ Thus, through the creation of a video that had gone viral, as well as the clever use of social networking sites, Greenpeace created a virtual hell for Nestlé.

¹⁰¹ In Google AdWords, a particular advertiser gets to select the words that will trigger their ads. The ads are shown on websites for free and a payment is only made when a customer clicks on a particular ‘sponsored link’ on the right side of the screen.

¹⁰² “Greenpeace Boycotts Nestlé: ‘Don’t Have a Kit Kat Break Today’,” www.digitaljournal.com, March 23, 2010.

¹⁰³ “Nestlé Kerfuffle,” www.prezi.com/kmrh4fmlzsen/Nestlé-kerfuffle/#embed

¹⁰⁴ Stefania Moretti, “Social Media the Deadliest Corporate Enemy,” www.torontosun.com, September 17, 2010.

¹⁰⁵ Jon Entine, “Greenpeace and Social Media Mob Nestlé,” www.blog.american.com, March 31, 2010.

¹⁰⁶ “Nestlé’s Social Media Meltdown -- A Case Study” www.1goodreason.com, May 19, 2010.

¹⁰⁷ Stefania Moretti, “Social Media the Deadliest Corporate Enemy,” www.torontosun.com September 17, 2010.

¹⁰⁸ Twitter is a social networking and micro blogging service owned and operated by Twitter Inc.

¹⁰⁹ Emily Bryson York, “Nestlé to Facebook Fans: Consider Yourself Embraced,” www.adage.com March 19, 2010.

¹¹⁰ Going viral means to be quickly and widely spread, especially through person to person electronic communication networks.

¹¹¹ Sky News is a satellite television news broadcaster.

¹¹² *The Guardian* is a British daily national newspaper.

¹¹³ “How Greenpeace Reduced Nestlé’s Kit Kat to Virtual Crumbs,” www.france24.com April 2, 2010.

Nestlé's reputation went into freefall and there was a slight downturn in the stock price (Refer to Exhibit VII on Nestlé's share price on March 19, 2010). Some experts felt that this would have been entirely preventable, if Nestlé had been more aware of the potential risks in its supply chain and had transparent and ethical practices.¹¹⁴ However, some experts doubted the influence: the issue would affect Nestlé's rating on the financial markets only if there was a drop in sales and the adverse comments were picked up by Reuters¹¹⁵ and Bloomberg¹¹⁶. They pointed out that even the WWF Palm Oil Buyers' Scorecard¹¹⁷ for 2009, which ranked Nestlé as 'middling', had not had an impact on Nestlé's ratings.¹¹⁸

The entire episode made it to the mainstream news headlines at *New York Times*¹¹⁹, NBC¹²⁰, and *Wall Street Journal*¹²¹ as well.¹²² For instance, the *Wall Street Journal* declared on March 29, 2010: 'Nestlé Takes a Beating on Social Media Sites'.¹²³ Experts noted that enough momentum had been generated in the campaign and Greenpeace only had to ride the wave and give a direction to the campaign. Ian Duff (Duff), a Greenpeace Forest Campaigner, said that the incidents were not an orchestrated stunt, noting that the firm did not have the resources to hire a social media agency (Refer to Exhibit VIII for a Timeline of the online activism against Nestlé).

According to Montalto, "We directed participation by encouraging Web users to bring their protest to Nestlé's Facebook account. We then asked users to send emails supporting our cause to Nestlé's CEO. So far, 120,000 emails have been sent. We also opened a section on our campaign website for visitors to create their own logos and videos."¹²⁴ Greenpeace went on to maintain that nearly 200,000 emails had been sent to Nestlé regarding the issue by April 2010.¹²⁵ Montalto admitted that Greenpeace had been helped by communication errors on the part of Nestlé, such as pulling down the video from YouTube.

A message on Nestlé's wall page showed how easy it was to turn participants into activists: "I love this!!! Facebook has made being an activist so much easier."¹²⁶ As an expert pointed out, the customers did not have to be knowledgeable about various environmental issues to begin participating in the protests. The participants also threatened to boycott Nestlé products. For instance, a participant wrote, "I was a big fan of your products, but now, when I saw what you guys wrote, I think I'm gonna stop buying them."¹²⁷ Others remarked that they would stop being

¹¹⁴ "Can Corporate Social Responsibility Affect Your Company's Bottom Line?" www.greenmonk.net/can-corporate-social-responsibility-affect-your-companys-bottom-line/

¹¹⁵ Reuters Group Limited is a UK-based global news agency.

¹¹⁶ Bloomberg L.P. is a US-based privately held financial software, media, and data company.

¹¹⁷ WWF Palm Oil Buyers' Scorecard reflects the purchasing practices of major European companies that produce or sell consumer products. The score is given against a set of objective criteria which looks into their commitments as well as actions toward the responsible purchase of palm oil.

¹¹⁸ Dennis and Howlett, "Nestlé and Facebook: Flashmob Fail?" www.zdnet.com, March 19, 2010.

¹¹⁹ *The New York Times* is an American daily newspaper.

¹²⁰ The National Broadcasting Company (NBC) is an American television network.

¹²¹ *The Wall Street Journal* is an international daily newspaper.

¹²² Stefania Moretti, "Social Media the Deadliest Corporate Enemy," www.torontosun.com September 17, 2010.

¹²³ Emily Steele, "Nestlé Takes a Beating on Social – Media Sites," www.online.wsj.com, March 29, 2010.

¹²⁴ Sébastien, "How Greenpeace Reduced Nestlé's Kit Kat to Virtual Crumbs," www.france24.com, April 2, 2010.

¹²⁵ Jeremy Hance "Nestlé Shareholder Meeting Interrupted by Greenpeace Orang-utans." www.news.mongabay.com, April 15, 2010.

¹²⁶ Meghan Keane, "Nestlé Incites the Social Media Mob after Greenpeace Campaign," www.bx.businessweek.com March 19, 2010.

¹²⁷ Emily Bryson York "Nestlé to Facebook Fans: Consider Yourself Embraced," www.adage.com, March 19, 2010.

fans of Nestlé on Facebook. The Nestlé Facebook page stated: “Social media: as you can see we’re learning as we go. Thanks for the comments.”¹²⁸ Observers felt that it was not clear that how many people had left Nestlé’s Facebook page due to the unfavorable comments being made against it.

Experts felt that it was a reputation crisis that could have been easily avoided. According to experts like Jez Frampton, Global CEO of Interbrand¹²⁹, “Even what appears to be the most minor instance of customer discontent can quickly evolve into a major customer revolt thanks to the consumer’s ability to spread the word about brands.”¹³⁰ David Jones (Jones), Chief Executive of Havas Worldwide¹³¹, highlighted the problems: “Social media is inherently a more negative than a positive medium on many levels. Lots of stuff that is passed around is negative. If you are a brand or a company today you should be far less worried about broadcast regulations than digitally empowered consumers.”¹³² According to experts such as Ian Schafer¹³³, “The damage has been so done, it might not be a bad idea to shut down the page and start over...It is tough to turn that negativity around.”¹³⁴

DIRECT ACTION BY GREENPEACE

Around 100 Greenpeace activists dressed as orangutans went to Nestlé’s headquarters in Amsterdam, Frankfurt, and London, and to seven of its factories in Germany. They asked the Nestlé employees to urge their employer to stop using palm oil.¹³⁵ It was reported that outside Nestlé’s Annual General Meeting, on April 15, 2010, in Lausanne, Switzerland, the shareholders were greeted by a large number of Greenpeace activists in orangutan suits.¹³⁶ They showed up outside the venue and enacted a mass “die-in” in front of crowds of onlookers before being dragged away by the police.¹³⁷ (Refer to Exhibit IX(a) and (b) which depicts the situation outside and inside the AGM). Inside the venue, there were activists hidden inside the ceiling. Just when the meeting began, they dropped down the ceiling, unfurling a giant banner that asked Nestlé to give its shareholders a break and sent a shower of leaflets down on the shareholders’ heads.¹³⁸ According to Greenpeace activists, the Nestlé chairman Peter Brabeck-Letmathe (Brabeck-Letmathe) was explaining how well the company had performed over the last fiscal year when noises were heard up on the roof and leaflets began raining down, not unlike a shower of cash.¹³⁹ That the banners remained in view during the speeches served as a reminder to the various executives, investors, and the press that Nestlé had a link to rainforest destruction.

¹²⁸ Elliott Fox, “Nestlé Hit by Facebook ‘Anti-social’ Media Surge,” www.guardian.co.uk, March 19, 2010.

¹²⁹ Interbrand is among the world’s largest brand consultancies.

¹³⁰ Stefania Moretti, “Social Media is Deadliest Corporate Enemy Around,” www.torontosun.com, September 17, 2010.

¹³¹ Havas is a leading global advertising and communications services group.

¹³² Meghan Keane, “Nestlé Incites the Social Media Mob after Greenpeace Campaign,” www.bx.businessweek.com, March 19, 2010.

¹³³ Ian Schafer is the CEO of Deep Focus, an engagement agency based in New York City.

¹³⁴ “Nestlé Takes a Beating on Social-Media Sites,” www.online.wsj.com March 29, 2010.

¹³⁵ Jon Entine, “Greenpeace and Social Media Mob Nestle,” www.blog.american.com, March 31, 2010.

¹³⁶ Jennifer Macey, “Nestlé Defends its Use of Palm Oil at AGM,” www.abc.net.au, April 16, 2010.

¹³⁷ “Orangutans Swing into Action against Nestlé,” www.greenpeace.org, April 15, 2010.

¹³⁸ Jeremy Hance, “Nestlé Shareholder Meeting Interrupted by Greenpeace Orang-Utans” www.news.mongabay.com, April 15, 2010.

¹³⁹ “Sweet Success for Kit Kat Campaign: You Asked, Nestlé Has Answered,” www.greenpeace.org, May 17, 2010.

Moreover, a parallel Wi-Fi network was also established at the venue that sent shareholders who used their computers and smartphones directly to the Greenpeace link when connected¹⁴⁰ (Refer to Exhibit XI that shows the Greenpeace Message on the Wi-Fi Network at the AGM). At the AGM, Brabeck-Letmathe remarked that he was highly concerned about the deforestation. “We have made a compromise. We’ve said at the end of 2010 we would reach a certain percentage and at the end of 2011 we will reach 50 per cent and we pledge by the end of 2015 to have stopped entirely using palm oil from uncertified sources.”¹⁴¹

Moreover, at the venue of the annual shareholder meeting at Nestlé’s German headquarters at Frankfurt, a giant screen was placed on the top of a cargo truck that was parked outside the building. It displayed real-time Twitter messages from all over the world all through the day, asking Nestlé to protect rainforests. Moreover, Greenpeace activists had placed a giant banner that covered four stories of offices¹⁴² (Refer to Exhibit XII for the situation outside Nestlé’s German Headquarters).

A CHANGE OF HEART?

On March 19, 2010, Nestlé apologized for its heavy handed approach with an entry on its Facebook page: “This (deleting logos) was one in a series of mistakes for which I would like to apologize. And for being rude. We’ve stopped deleting posts, and I have stopped being rude.”¹⁴³ On the same date, Nestlé announced on its Facebook page its desire to use sustainable palm oil by 2015: ‘Hi everyone – We do care and will continue to pressure our suppliers to eliminate any sources of palm oil which are related to rainforest destruction. We have replaced the Indonesian company Sinar Mas as a supplier of palm oil for further shipments.’¹⁴⁴ However, the controversy refused to die down as Greenpeace contended that Nestlé continued to purchase palm oil from Cargill¹⁴⁵, which was supplied in part by Sinar Mas. Greenpeace demanded that Nestlé cut all ties – direct or indirect -- with Sinar Mas.¹⁴⁶ The activists demanded far more action from Nestlé. According to Telofski, though Nestlé had taken the right step, it was too little, too late.¹⁴⁷

Nestlé announced on April 13, 2010, that “In a letter to Greenpeace today, our Chairman, Peter Brabeck-Letmathe has called for a moratorium on the destruction of rainforests and highlights how the two organizations can meet this common goal.”¹⁴⁸ Among other things, the letter proposed the creation of a global coalition for stopping the destruction of rainforests. It mentioned the stopping of purchase of palm oil from Sinar Mas and other non sustainable sources. It said 18% of the purchases were covered in 2010 and this was expected to reach 50% by 2011.¹⁴⁹

¹⁴⁰ “Sweet Success for Kit Kat Campaign: You Asked, Nestlé Has Answered,” www.greenpeace.org, May 17, 2010.

¹⁴¹ Jennifer Macey, “Nestlé Defends its Use of Palm Oil at AGM” www.abc.net.au, April 16, 2010.

¹⁴² “Orangutans Swing into Action against Nestlé,” www.greenpeace.org, April 15, 2010.

¹⁴³ Bernhard Warner, “Will Nestlé Ever Reclaim its Facebook Page from Protesters?” www.socialmediainfluence.com, March 23, 2010.

¹⁴⁴ Nestlé’s Social Media Meltdown -- A Case Study,” www.1goodreason.com, May 19, 2010.

¹⁴⁵ Cargill Incorporated is the largest privately held corporation in the US. It is involved in agricultural commodities, manufacture and sale of livestock and feed, and the production of starch vegetable oils and fats.

¹⁴⁶ Lori Colman, “Viral Gets Nestlé ... The Palm Oil ‘Incident’,” www.naturalproductsinsider.com, June 30, 2010.

¹⁴⁷ Stefania Moretti, “Social Media the Deadliest Corporate Enemy,” www.torontosun.com, September 17, 2010.

¹⁴⁸ “Nestlé’s Social Media Meltdown -- A Case Study” www.1goodreason.com, May 19, 2010.

¹⁴⁹ www.Nestle.com/Common/NestléDocuments/Documents/Media/Statements/Greenpeace_letter_Nestle_Chairman.pdf

Nestlé finally gave in to activist demands after a two-month long campaign. A release from Nestlé on May 17, 2010, stated: “Nestlé’s actions will focus on the systematic identification and exclusion of companies owning or managing high risk plantations or farms linked to deforestation...Nestlé wants to ensure that its products have no deforestation footprint.”¹⁵⁰ Nestlé confirmed that under its new sourcing guidelines, it would use palm oil suppliers who did not break any local laws, protected forests, peatlands, and supported indigenous and local communities. These guidelines would come into force immediately.¹⁵¹

On the same day, Jose Lopez (Lopez), Executive Vice President, Nestlé, announced: “Nestlé buys 0.7% of the worldwide palm oil production. Nevertheless we are conscious of our responsibility in contributing to effective and sustainable solutions.”¹⁵² He outlined the steps that the company had taken till then in achieving a sustainable solution for palm oil. First, Nestlé had joined a coalition calling for a moratorium on rainforest destruction for palm oil in Indonesia. Second, it had become an active member of the RSPO. Third, it had suspended purchases from a supplier (Sinar Mas) which had admitted to mistakes in the area of deforestation. It had made it clear to its suppliers of blended palm oil that it would not tolerate the presence of oil from non-sustainable sources. Fourth, it had pledged to use only certified sustainably sourced palm oil by 2015. Fifth, the company had made rapid progress on certified palm oil and palm oil certificates and had covered 18% of its purchases and would cover 50% by 2011. Sixth, the company had conducted an in depth analysis of its supply chain to ensure transparency and formulate detailed action plans. Seventh, it had begun to audit its suppliers. Eighth, it had intensified cooperation with international organizations for building a global movement to support the development, implementation, and disclosure of sustainable forestry practices.

Lopez also remarked on the same day that Nestlé would work with The Forest Trust¹⁵³ (TFT) in order to ensure a responsible supply chain.¹⁵⁴ Observers noted that Nestlé’s response was much greater than any other firm. The company began to exclude companies that ran high-risk plantations or farms linked to deforestation from its supply chain. According to Scott Poynton, Executive Director, TFT, TFT filled a crucial gap: it was free to criticize any bad practice that it observed.¹⁵⁵ The Trust would visit plantations and verify that Nestlé’s suppliers met the stipulated guidelines. In case suppliers caused any destruction to forest land, they would have to change their practices or be excluded from Nestlé’s supply chain. It was felt that this move toward certified palm oil would mean the palm supply could be linked back to the plantation, instead of palm oil from all the plantations being mixed up, which made certification difficult. Poynton remarked that the partnership “sends a message to the industry that segregated palm oil...is the way forward”. According to experts, the move was unprecedented in the palm oil supply chain.¹⁵⁶

¹⁵⁰ “Nestlé Open Forum on Deforestation, Malaysia,” www.nestle.com/Mirrored/EventsCalendar/AllEvents/Pages/2010-Nestle-open-forum-on-deforestation-Malaysia.aspx

¹⁵¹ Jeremy Hance, “Nestlé Caves to Activist Pressure on Palm Oil,” www.news.mongabay.com, May 17, 2010.

¹⁵² “Nestlé Open Forum on Deforestation,” www.nestle.com/Common/NestléDocuments/Documents/Library/Events/2010-Nestlé-open-forum-on-deforestation-Malaysia/Transcript.pdf

¹⁵³ The Forest Trust is a UK registered charity that specializes in sustainable forestry.

¹⁵⁴ “Nestlé Open Forum on Deforestation,” www.Nestle.com/Common/NestléDocuments/Documents/Library/Events/2010-Nestle-open-forum-on-deforestation-Malaysia/Transcript.pdf

¹⁵⁵ “The Other Oil Spill,” www.economist.com June 24, 2010.

¹⁵⁶ Kai Tabasek, “Nestlé Uses NGO to Clean Up Palm Oil Supply Chain,” www.guardian.co.uk May 17, 2010.

Finally on May 17, 2010, Greenpeace acknowledged the positive initiatives that Nestlé had taken.¹⁵⁷ Pat Venditti, Head of the Greenpeace International Forest Campaign, remarked, “We are delighted that Nestlé plans to give orangutans a break and we call on other international retailers, such as Carrefour and Wal-Mart, to do the same.”¹⁵⁸ According to observers, the campaign was a wake-up call for Nestlé. Montalto said, “We had been asking Nestlé to stop buying products from rainforest destruction for two years before we launched our campaign. Nestlé cracked within just two months because the overwhelming public response made the company listen.”¹⁵⁹ Observers felt that interactions between corporations and the general public now stood in uncharted territory.

Though the move by Nestlé pleased environmentalists, there was an emerging threat of another backlash against Nestlé, this time from palm oil producers. Analysts pointed out that the termination of the contract with Sinar Mas would have a devastating effect on the livelihoods of the palm oil growers. Palm oil producers threatened to boycott Nestlé products.¹⁶⁰

ONE OF THE MOST SUCCESSFUL ANTI-CORPORATE MEDIA CAMPAIGNS

According to observers, the Kit Kat campaign by Greenpeace was one of the most successful anti-corporate media campaigns.¹⁶¹ Experts said Nestlé’s change of heart would impact how activist-organizations conducted protests in future.¹⁶² According to Daniel Kessler (Kessler), a press officer at Greenpeace, “This is the place where major corporations are very vulnerable.”¹⁶³ Experts felt that the success of the campaign would encourage greater use of social media by activist organizations for spreading information about their campaigns and getting people involved in their agenda. It would definitely be a channel to reach out to corporations whose working earlier seemed to be too distant and removed from the grassroots.¹⁶⁴

Observers pointed out that the ramifications of the protest would go far beyond Nestlé and companies would now prefer to double-check the reputation of the supply firms. The episode had demonstrated that companies would be vulnerable if they did have control over the entire supply chain.¹⁶⁵ Moreover, there would be an improved market for sustainable palm oil, which was relatively expensive and did not find much of a market.¹⁶⁶ As Poynton remarked, “Most of the environmental and social issues are embedded in products at extraction, at the resource level...(but) it is no longer possible to ignore that end.”¹⁶⁷

While some firms like Dunkin’ Donuts¹⁶⁸, Pizza Hut¹⁶⁹, Cargill, and KFC¹⁷⁰ continued their policy of engagement with all parties (including Sinar Mas), other firms disassociated themselves from Sinar Mas. Except Nestlé, it was only Burger King¹⁷¹ which directly engaged itself with customers

¹⁵⁷ “Sweet Success: Nestlé Takes Action to Protect Paradise,” www.greenpeace.org May 17, 2010.

¹⁵⁸ “Nestlé Gives Orang-utans a Break,” www.business-standard.com May 17, 2010.

¹⁵⁹ “The Other Oil Spill,” www.economist.com, June 24, 2010.

¹⁶⁰ “Greenpeace Boycotts Nestlé: ‘Don’t Have a Kit Kat Break Today,’” www.digitaljournal.com, March 23, 2010.

¹⁶¹ Jon Entine, “Greenpeace and Social Media Mob Nestlé,” www.blog.american.com, March 31, 2010.

¹⁶² Jeremy Hance, “Nestlé Caves to Activist Pressure on Palm Oil,” www.news.mongabay.com, May 17, 2010

¹⁶³ “Nestlé Takes a Beating on Social-Media Sites,” www.online.wsj.com, March 29, 2010.

¹⁶⁴ Jeremy Hance, “A New World? Social Media Protest Against Nestlé May Have Longstanding Ramifications,” www.news.mongabay.com, March 20, 2010.

¹⁶⁵ “The Other Oil Spill,” www.economist.com, June 24, 2010.

¹⁶⁶ Jeremy Hance, “A New World?: Social Media Protest Against Nestlé May Have Longstanding Ramifications,” www.news.mongabay.com, March 20, 2010.

¹⁶⁷ “The Other Oil Spill,” www.economist.com, June 24, 2010.

¹⁶⁸ Dunkin’ Donuts is an international doughnut and coffee retailer.

¹⁶⁹ Pizza Hut is a restaurant chain that offers different types of pizzas.

¹⁷⁰ KFC is a leading chain of fast food restaurants.

¹⁷¹ Burger King is a leading chain of fast food restaurants.

via Facebook. Others chose the traditional way of making corporate statements which were picked up by media houses and attracted comments on blogs. Critics noted that while both Nestlé and Burger King were responding to a crisis, their response was measured and appreciative of the issues involved. On the other hand, Sinar Mas was increasingly getting stuck further in image saving PR tactics which did little to engage stakeholders online.¹⁷²

SOCIAL MEDIA AS A CHANGE AGENT

Experts noted that during the early days of protest, the process of getting people to join a cause took a long time. However, in recent times, the growth of groups simply required the founders' ability to spread ideas online, which could be achieved by using a catchy hash tag on social networking sites. People picked up the news and added it to their own tweets. This led to a very quick creation of an online community of supporters. There were increasing instances of "flash mobs" which included many people who had probably never even met each other. Social media had increased the level of networking and creation of unpredictable events. Moreover, the power to shape news had shifted away from editors who may have drowned the actual reason for a protest.¹⁷³ Experts remarked that even five years ago, a protest of this scale would not have been possible. They believed that though activists had long used websites, email campaigns, and videos to promote their cause, the attack on Nestlé was a new wave of digitally savvy protests. It showed that social media protests had come of age. They pointed out that social media sites now accounted for a large portion of the news and conversation topics. For instance, Reddit and Digg¹⁷⁴ were becoming the new front-page for the young, instead of CNN.^{175,176} A Deloitte¹⁷⁷ survey in 2009 revealed that 74% of the surveyed participants believed that it was easy to damage a firm's reputation through social media. Further, while 58% of the executives agreed that reputational risk and social networking should have been a boardroom issue, only 15% admitted that it actually got the required importance.¹⁷⁸

Experts felt that the increasingly interconnected nature of the world had provided greater leverage to customers to voice their concern about the way of doing business.¹⁷⁹ Experts like Telofski, felt that NGOs like Greenpeace were 'irregular competitors' in the world of business who derived their power to influence from the social media.¹⁸⁰ Telofski felt that though Greenpeace was the winner in the campaign, there were instances of it stepping on facts in order to make a better case against Nestlé.¹⁸¹ Thus, he felt that companies should employ social media squads for monitoring the web and confronting any misinformation. The companies should not wait for misinformation to go viral. Experts remarked that there would be a greater need for companies to go in for social media crisis damage control.¹⁸² Havas's David Jones remarked that while the previous decade had used

¹⁷² Lucie Harrild, "Lessons from the Palm Oil Showdown," www.guardian.co.uk, October 27, 2010.

¹⁷³ Dominic Casciani "How Social Media Changed Protest," www.bbc.co.uk, December 9, 2010.

¹⁷⁴ Reddit and Digg are social news websites.

¹⁷⁵ Cable News Network (CNN) is a US cable news channel.

¹⁷⁶ Jeremy Hance, "A New World?: Social Media Protest Against Nestlé May Have Longstanding Ramifications," www.news.mongabay.com, March 20, 2010.

¹⁷⁷ Deloitte is among the largest professional services organizations in the world.

¹⁷⁸ "2010 Ethics and Workplace survey," www.deloitte.com, July 26, 2010.

¹⁷⁹ Meghan Keane, "Nestlé Incites the Social Media Mob after Greenpeace Campaign," www.bx.businessweek.com, March 19, 2010.

¹⁸⁰ Richard Telofski, "Social Media Protest Campaign Reveals Greenpeace Weaknesses," www.globalgovernancewatch.org, April 6, 2010.

¹⁸¹ Jon Entine, "Greenpeace and Social Media Mob Nestlé," www.blog.american.com, March 31, 2010.

¹⁸² Nestlé's Social Media Meltdown -- A Case Study" www.1goodreason.com, May 19, 2010.

CSR to create a competitive advantage, the current decade would be about using social media to limit the damage that could be done to a company. Observers felt that firms would be required to have increasingly higher levels of transparency in their operations in order to limit damage from any misinformation.¹⁸³

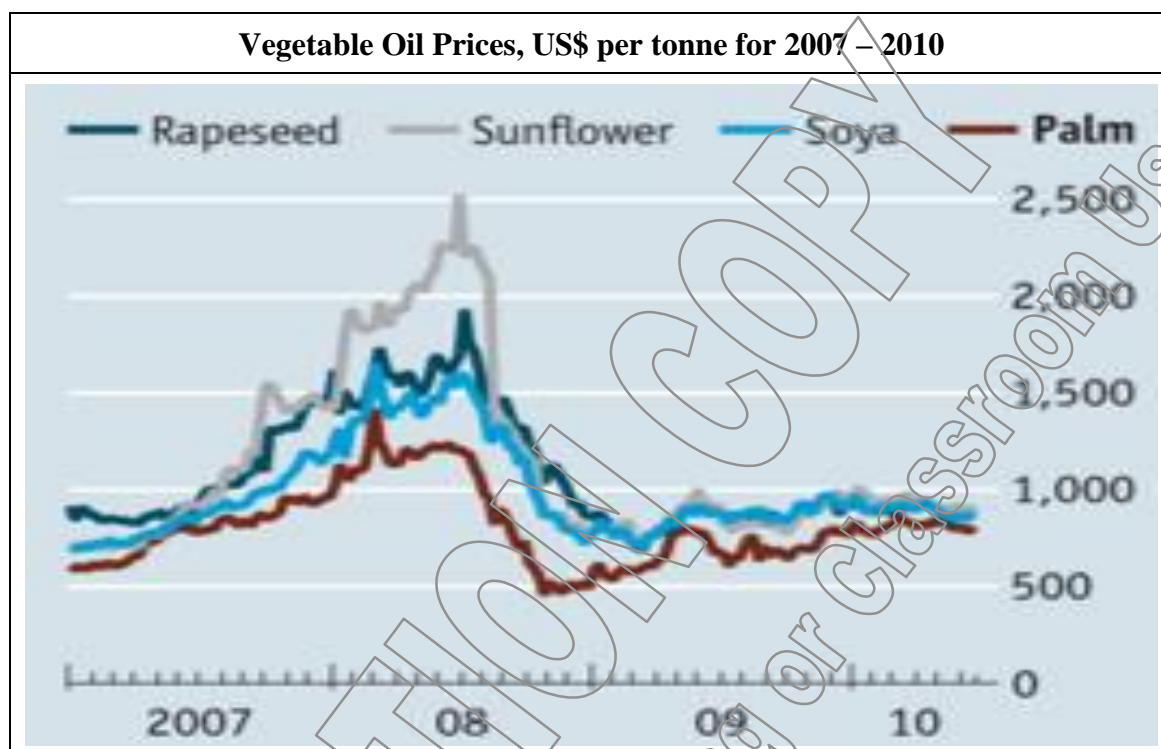
Industry observers noted that Greenpeace's palm oil campaign had elicited a range of responses from the different players in the palm oil supply chain. They felt that it would take longer for organizations with skeptical attitudes toward change to engage themselves on social media. They also felt that organizations should adapt themselves to the needs of the customers before being pushed on to change. However, experts said that the recent developments had gone a long way to show that social media had emerged as a potent communication and coordination tool and had amply demonstrated its potential as an agent for change.¹⁸⁴ Greenpeace's online marketing and promotions specialist, Laura Kenyon, said that the organization would continue to maintain a strong presence in the social media, using the latest tools and communication channels in its fight against companies involved in environmental destruction. She said, "It's impossible to predict exactly where social media is going next so it's hard to say exactly what you should expect but we will definitely continue to use creative online campaigning tactics to create change."¹⁸⁵

¹⁸³ Stefania Moretti, "Social Media the Deadliest Corporate Enemy," www.torontosun.com, September 17, 2010.

¹⁸⁴ Richard Matthews, "The Revolutionary Power of Social Media Driving Corporate Environmental Sustainability," www.greenconduct.com, February 25, 2011.

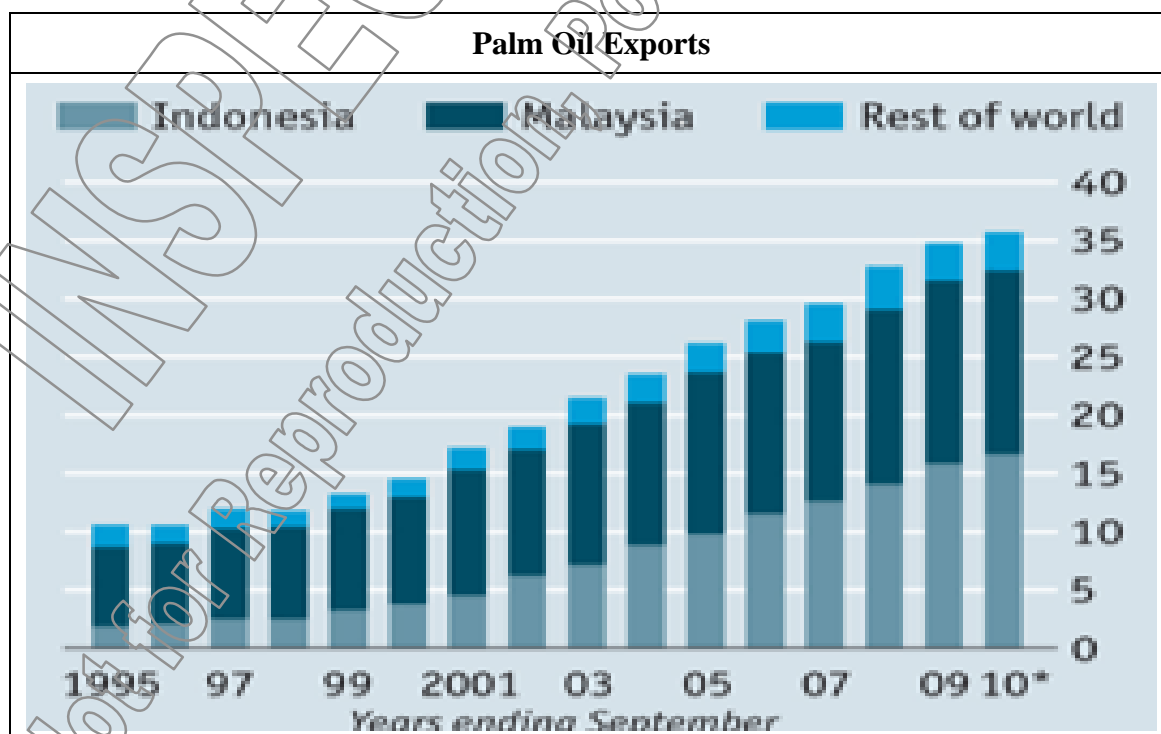
¹⁸⁵ Jeremiah Owyang, "Greenpeace Vs. Brands: Social Media Attacks to Continue," www.forbes.com, July 19, 2010.

Exhibit I



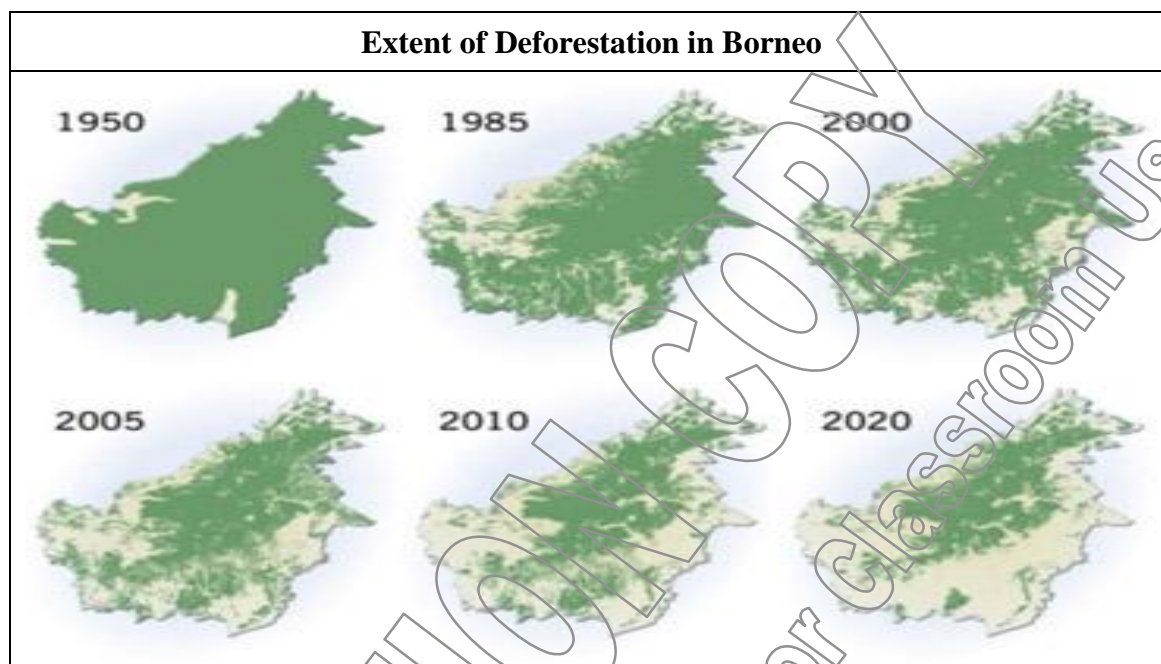
Source: Thomson Reuters. Adapted from "The Other Oil Spill," www.economist.com, June 24, 2010

Exhibit II



*The quantity is in million tonnes.

Source: Oil World. Adapted from "The Other Oil Spill," www.economist.com, June 24, 2010

Exhibit III

(Note that I. The island of Borneo is split between Brunei, Malaysia and Indonesia

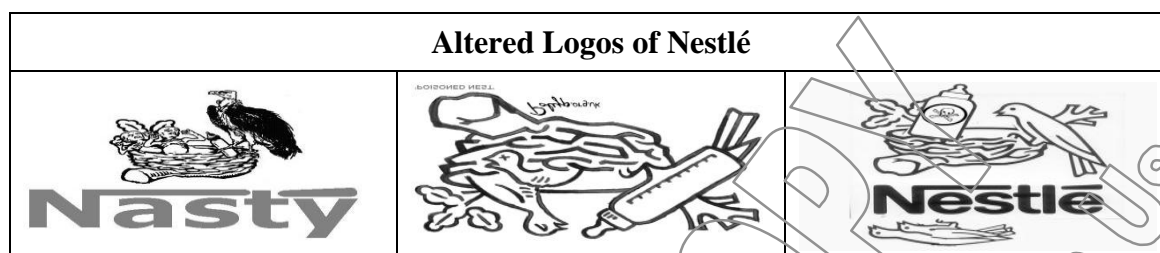
II. The extent of deforestation for 2020 is based on projections)

Adapted from Jeremy Hance, "Nestlé Caves to Activist Pressure on Palm Oil," *www.news.mongabay.com*, May 17, 2010

Exhibit IV

Source: Sophia Fantis, "It's a Social Media Crisis – Epic Failure for 'Killer' Nestlé?"
<http://sfantis.com/?p=127>

Exhibit V



Source: "Nestlé-Free Week 2008 Starts Well Despite Nestlé Hi-Jack Attempt," www.babymilkaction.org/press/press6oct08.html; "Red Rover, Rover Send Nestlé Right Over," www.funkygreenmachine.com/_blog/Funky_Green_Machine_Blog/calendar/2009/9/; "Anti Nestlé Images" www.lactivist.net/?tag=Nestlé

Exhibit VI

**Online Letter by Greenpeace to Nestlé's Public Relations Department
on March 17, 2010**

Dear Nestlé's PR department,

Hey! How are you doing? I know that when we highlight the damaging effect your business is having on the Indonesian rainforests, it must be a bit annoying. I hope you understand that we're only trying to get your attention because using unsustainable palm oil in your products is such a very bad thing. You see, we just can't afford to let the Indonesian rainforests go up in smoke to provide land for palm oil plantations.

When you told us that you cared about the problem just as much as us, sure, we had a few reservations.

For one thing, although you said that you'd no longer buy direct from Sinar Mas - the suppliers of unsustainable palm oil from deforested areas of Indonesian rainforest - you made no such promises about buying from people like Cargill who buy palm oil from the same company. Really, if you're buying the same stuff, but via an intermediary, and you're not able to rule out supplies from APP, that's not enough progress is it?

I started to wonder if you really cared about this issue in the way that you claim to.

But I guess what made me *really* wonder about whether you really cared was when you had our video pulled off youtube, citing 'copyright infringement'. Now, I'm not a lawyer, but I reckon that maybe the terms 'fair use' and 'parody' might be relevant here.

Hmm, actually now that I think about it for a moment, I don't think you really care about copyright at all. I think you just wanted to stop people seeing the video! That's pretty lame. Seriously, censorship is just so... *last century*.

I might also point out that we've already been flooded with offers to host the video elsewhere, and that your move has generated even more interest in the issue on the blogosphere and on Twitter.

To me, trying to censor our criticism doesn't seem like such a smart PR move. But then, what do I know!

Anyway, hope you're all well!

All the best,

Christian
GPK Web Team

Source: "Nestlé Try to Censor Our Advert, Get it Pulled from Youtube" www.weblog.greenpeace.org, March 17, 2010

Exhibit VII

Adapted from "Can Corporate Social Responsibility Affect Your Company's Bottom Line?"
www.greenmonk.net/can-corporate-social-responsibility-affect-your-companys-bottom-line/

Exhibit VIII**Timeline of Online Activism against Nestlé**

March 17, 2010	Greenpeace launches a campaign with a spoof video on Nestlé. Nestlé gets video removed; Greenpeace has it put up on Vimeo. Word spreads of the censorship and Nestlé Facebook page is flooded with negative comments.
March 19, 2010	The issue reaches mainstream media – SkyNews, The Guardian. The company's Facebook page moderators respond rudely. The company lands up in a PR mess in a matter of minutes. Nestlé's status updates – that were likened to its corporate response – are not considered worthy for a corporate.
March 20, 2010	Blogs and Twitter see a large amount of activity. People set up pages on Facebook regarding Nestlé.
March 21, 2010	The banned video is posted back on YouTube by users and reaches a combined total viewership of 180,000.

Adapted from "Nestlé Kerfuffle," www.prezi.com/kmrh4fmlzsen/Nestle-kerfuffle/#embed

Exhibit IX (a)

Situation Outside the AGM



Source: Rolf, "Orangutans Swing into Action Against Nestlé," www.greenpeace.org, April 15, 2010.

Exhibit IX (b)

Situation Inside the AGM



Source: Rolf, "Orangutans Swing into Action Against Nestlé," www.greenpeace.org, April 15, 2010.

Exhibit X

Greenpeace Message on the WiFi Network at the AGM

**tell Nestlé to stop risking your investment –
tell it to stop using palm oil from rainforest
destruction.**

Visit <http://www.greenpeace.org/usa>*

* You will probably have to
disconnect from this wifi
before you click that link.

GREENPEACE

Source: "Message to Nestlé Shareholders Delivered via Greenpeace 'Wifi'" www.flickr.com/photos/greenpeaceinternational/4525661926/

Exhibit XI

Situation Outside Nestlé's German Headquarters



Source: Rolf, "Orangutans Swing into Action Against Nestlé," www.greenpeace.org, April 15, 2010.