

## **Crisis in a Cup: Managing the Mie Sedaap Recall and Rebuilding Trust**

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### **ABSTRACT**

This paper analyses the recall of two products from the Indonesian instant noodle brand Mie Sedaap. This recall followed the discovery by food safety regulators in Hong Kong and Singapore of the Korean Spicy Chicken and Korean Spicy Soup's prohibited chemical, ethylene oxide. The incident resulted in recalls in both countries between September and October 2022. Being aware of the fact that the adverse consequences were detrimental for the business, the present case study will discuss the ways, in which the Mie Sedaap brand acted in relation to the reputation management when the product was recalled and the ways, in which the company ensured the customers and other stakeholders that their trust was still valued by the company. Moreover, the discussion will entail the integration of some of the SDG aspects namely; good health and wellbeing (SDG 3), responsible consumption and production (SDG 12), and the partnerships for the goals (SDG 17) to analyse the overall effects and the response measures in containing food safety and sustainability issues.

**Keywords:** brand crisis, consumer trust, crisis management, product recalls, brand image

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### **INTRODUCTION**

The Wings Group Indonesia encountered a severe management problem in late 2022 when they found that the carcinogenic materials were found in their Mie Sedaap instant noodles. This led to a chain of recalls and created great difficulties in the effective control of consumer health and safety, brand image, and the process of rebuilding consumers' confidence. The crisis began when food safety authorities in Hong Kong and Singapore identified ethylene oxide in two specific flavours of Mie Sedaap noodles: Korean Spicy Chicken and Korean Spicy Soup. Such findings prompted an onset of recall of the compound in both nations as it

is banned for its capability to cause cancer. Realising the health risks of the products and the legal obligation to do something about the issue, Wings Group Indonesia was not very keen on initiating a voluntary recall program. This inaction in particular culminated to the situation where consumers and regulators had even more doubts about the safety standard measures that the company provided.

The first response that was taken by the management of Wings Group was to release statements that refuted the revelations made by the food safety authorities. The company admitted that they have not produced any products with ethylene oxide content by stating the measures they have taken in terms of quality control. This not only did not instill confidence to the public, but made them sceptical and brought out the media attention. Lack of a clear and well justified public relations strategy, contributed to the company's vulnerability and consequently, consumers' distrust.

Finally, facing the fact that the situation had become critical Wings Group decided on voluntary recall. This was a strategic decision highlighted in their handling of the crisis. The company realised the severity of the issue and intended to take enough measures to convince the consumers that their products were safe.

### **THE MIE SEDAAP PRODUCT RECALL CRISIS**

In addressing the critical circumstance of Mie Sedaap product recall, a comprehensive approach is imperative to tackle three main issues occurring during the crisis which includes consumer health and safety concerns, potential tarnishing of the brand's reputation and rebuilding trust. To counter the challenges, proposed solutions involve a voluntary recall which is to demonstrate the company's responsibility and safeguard the brand's reputation. Besides that, providing a customer hotline is crucial in rebuilding trust as it effectively bridges the gap between customers and the company through personalised communication on social media platforms. Practical initiatives like facilitating ways for customers to return their purchases is pivotal in regaining their loyalty. Additional measures include investment in research and development to find a safer way to manufacture the product and serve the best quality to all consumers.

These initiatives align with Sustainable Development Goals 12 and 17, which respectively aim to promote responsible consumption and production as well as fostering partnerships for the goals. The recommended actions encompass continuous improvement of the products, implement crisis communication preparedness as well as commit to environmental and social responsibility. This holistic approach establishes a proactive stance towards consumer safety, reputation management and long-term trust-building initiatives with customers and stakeholders.

### **Brand Reputation**

The crisis originated when food safety authorities in Hong Kong and Singapore detected the presence of ethylene oxide in two particular flavours of Mie Sedaap noodles: Korean Spicy Chicken and Korean Spicy Soup. These findings led to immediate recalls in both countries, as the compound is prohibited because of its cancer-causing properties. In spite of the evident health risks and regulatory mandates that have been emphasised in news headlines, Wings Group Indonesia initially showed reluctance in taking the initiative to implement a voluntary recall. Wings felt compelled to protect their reputation by issuing conflicting statements. They initially denied the potential hazards of the pesticide, as reported by Indonesia Expat (2022), while also asserting that their noodles are free from any pesticide (Muthiariny &

Afifa, 2022: Marketing Interactive, 2022). The situation was made worse by the company's initial response, which involved a delay in taking action. This caused increasing concerns among consumers and regulators about the company's commitment to safety.

### **Regaining Trust**

Understanding the situation to be critical, Wings Group agreed to conduct a voluntary recall of their product. This decision became a turning point in their crisis management approach and plan. The company's decision to recall more batches of Mie Sedaap instant noodles has raised concerns about their integrity and honesty throughout the issue. This has also discouraged customers from buying their product since it poses a health risk owing to the use of pesticides. Furthermore, with the criticism faced by several media outlets on the internet health agencies issued warnings about the dangers associated with consuming Mie Sedaap instant noodles. In this case, the company's goal of addressing the issue was to show that they care about consumers' safety and to start the process of restoring the trust. As a consequence, Wing Group has carried out an inquiry into further items that may have been tainted, to address the matter and restore the public's trust (Ranggasari & Afifa, 2022).

## **MANAGING THE BRAND AFTER CRISIS**

### **Voluntary Recall**

Initiating a voluntary recall is a crucial measure when dealing with product recall situations, especially those rooted in manufacturing issues. In such cases, the company's responsibility is critical for ensuring consumer safety and maintaining public well-being. This initiative aligns with SDG 12, highlighting the need for responsible consumption and production. In doing so, the company actively contributes to societal well-being by promoting responsible business practices, reinforcing a commitment to ethical conduct and corporate responsibility.

To execute the recall, the Mie Sedaap company reached out to stakeholders and all involved parties, particularly distributors, to stop selling the affected product and together navigate the issue and resolved the challenges that occurred. Moreover, the logistics team played a vital role in coordinating the return or pickup of the impacted items to ensure a seamless recall process. This cooperative approach aligns with the SDG17, emphasising "partnerships for the goals." In this case, the objective is to work together towards shared goals, which include ensuring consumer safety and satisfaction while minimising any negative impacts on society and the environment. In short, a voluntary product recall not only underscores the company's dedicated commitment and concerns but also aligns with SDG goals, promoting sustainable practices in business. Freundt and Foschiera (2023) reaffirms that, despite being costly, prominent brands should consider opting for voluntary recalls as it can positively affect how consumers view the brand's integrity, trustworthiness, and overall reputation.

### **Emphasising Transparency to Foster Trust.**

Transparency should be one of the key values when communicating during a crisis. When it comes to disseminating information concerning the recall of a certain product, it is mandatory for the company to come up with a press release or an official statement as a way of showing that it is a responsible corporate entity. It also gives the company an opportunity to engage with such important stakeholders and to reassure them. Thus, it is crucial to stress the calls to recall the product by making the information presented in press releases open to the public. Likewise, it is advisable to call for the creation of brief and specific headlines that reflect the company's stance on the recall problem. Announce such information through the respective company's websites, social media pages, and through direct communication to the stakeholders. This provides large coverage with regard to provision of information sharing

and effective and economical means of reaching the entire population. This course of action presents a clear emphasis on teamwork and engaging all the stakeholders in the handling of a product recall case. It relates to the 17th SDG (Partnerships for the Goals) because it underlines the necessity for cooperation for shared goals.

It is also necessary to inform other stakeholders in the society of the recall issues and also get the right information at the right time by involving mainstream media. Selecting the right news source is a strategic move to help the company be more open in the post-recall plan so that the data gathered will be perceived as reliable. This focus on transparency and accurate information dissemination enhances the public confidence and trust on the company and its product.

### **Establishing Customer Support**

Establishing a customer helpline can be seen as the natural continuation of the company's strategy to build trust with customers and offer them support in case of need. The helpline provides the affected people with an opportunity to express themselves. In turn, companies can prove their responsiveness by replying to questions, describing measures to solve the problem, or providing the required data. Moreover, a helpline is a useful means of communication with the customers, consumer organisations and other interested parties. This is in accordance with the concept of SDG 17 that focuses on the engagement of multiple stakeholders whereby the exchange of information is vital in the establishment of trust. Besides the helpline, the company should also hire booths and involve supermarkets for the return of the affected products. In addition, the customers can receive coupons for their further loyalty. This corresponds with SDG 12 that focuses on the support of inclusive decision-making within organizations. It is considered more inclusive to offer incentives in the process of returning the recalled products because consumers are encouraged to participate in the recall process.

### **Establishing Trust**

Concerns regarding consumer health and safety investment in Research and Development is crucial for the growth and success of any organisation. It enables companies to remain competitive by ensuring continuous development of their products and services. When businesses invest in R&D, companies can analyse market trends, identify customer needs and come up with new ideas and products. Due to this analytical approach, many businesses can be in a position to make right decisions and effectively channelling their resources to areas that could yield high returns.

Thus, in order to enhance consumer health safety, the necessity of further capital investment in research and development of pesticide contaminated foods has to be reconsidered. The suggested remedy in this case is the replacement of the chemical compound referred to as ethylene oxide with animal and plant products. Thus, in accordance with the SDG 3 – the improvement of people's health and wellbeing, the company reports its commitment to strengthening its internal capacity to respond to future challenges. As part of this initiative, it is suggested that authorities, such as the Department of Islamic Development Malaysia (JAKIM) and the Malaysia Ministry of Health, conduct regular check-ins to ensure the safety of the noodles before distribution. This collaboration with regulatory bodies highlights the efficacy of the institutions in ensuring product safety and adhering to the rule of law in business practices. These measures can help create an effective approach to addressing consumer safety concerns.

## CONCLUSION

In the corporate and business world, it is crucial to prioritise crisis communication readiness. This ensures that unexpected conflicts are effectively managed and their impact is minimised or avoided altogether. A communication management plan can encompass various elements to ensure effective crisis-related communication. This may involve establishing a dedicated team responsible for handling crisis communication, implementing strict protocols and guidelines for crisis response, and conducting realistic simulations to practise and refine the communication strategies. Investing time and resources in preparing effective crisis communication allows companies to demonstrate their responsibility and enhance their ability to address issues, ultimately emerging stronger.

Furthermore, it is imperative that a company has continuous improvement of all facets of its products especially when it is in the midst of a crisis. This means that one has to continually assess and enhance initiatives, promote customer feedback, and be adaptable to the situation at hand. This implies that constant improvement is necessary for the upgrading of product quality as well as the overall organisational defensive capabilities. In order to bring a feeling of responsibility, the company must try to constantly evolve, engage itself in cooperation with non-governmental organisations that are focusing on caring for the environment and people, and be as transparent as possible with their actions. This is not limited to a recall and it includes the long term as well. The case study therefore proves to be useful in showcasing how crisis can be managed effectively as well as continual enhancement and sustainability in corporate activity.

## DISCUSSION QUESTIONS

1. How did the delay in recalling the noodles affect consumer trust and the brand's image?
2. How did clear communication and working with the media help rebuild public trust during the recall?
3. What role did engaging with stakeholders and supporting customers play in the recall process?
4. How can investing in research and continuous improvement help prevent future crises?
5. How did Wings Group's actions during the recall support SDGs 16 and 17, and what more could they do to align with these goals in their future practices?

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