

# GS Insight

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## The Beef With Oprah: Another Lesson In Perceptions

*“The Chinese character for ‘crisis’ actually consists of two characters combined. One means ‘danger,’ the other ‘opportunity.’”*

President John F. Kennedy (during the Cuban missile crisis)

At first glance, it looked bad for Oprah. The facts seemed to support the contention of a group of Texas cattlemen led by Paul Engler, president of the Amarillo-based Cactus Feeders: Oprah and a guest had irresponsibly made false, harmful statements about the safety of American beef, resulting in losses of more than \$11 million when the price of cattle futures dropped dramatically.

Everybody knows that daytime talk shows thrive on controversy. Why else would Oprah invite anti-meat activist Howard Lyman to appear, unopposed, to talk about the safety of American beef? Remember, England had just finished slaughtering thousands of cattle to prevent further spreading of bovine spongiform encephalopathy (BSE), or “Mad Cow” Disease, which had caused several deaths in the U.K.

Against this backdrop, Lyman appeared on American television’s number one daytime show and stated rather ominously that beef eaters in the United States risked contracting the human equivalent of BSE due to the feeding habits of U.S. cattlemen. When he was through, Oprah looked into the camera and said, “I’ve just been stopped cold from eating another hamburger.”

### When Entertainment Becomes News

Needless to say, this sent shock waves through the beef industry, and cattle futures fell. The industry had already suffered from the real threat of *E. coli* breakouts at Jack In The Box restaurants and, more recently, the recall of 25 million pounds of ground beef by Hudson Foods. Now, they found themselves accused of allowing Mad Cow disease to threaten American consumers. As so often happens these days, this episode of an entertainment show made the news. Spokespersons from the industry and government were quick to point out there has never been a case of BSE in domestic cattle, and that routine safety pre-

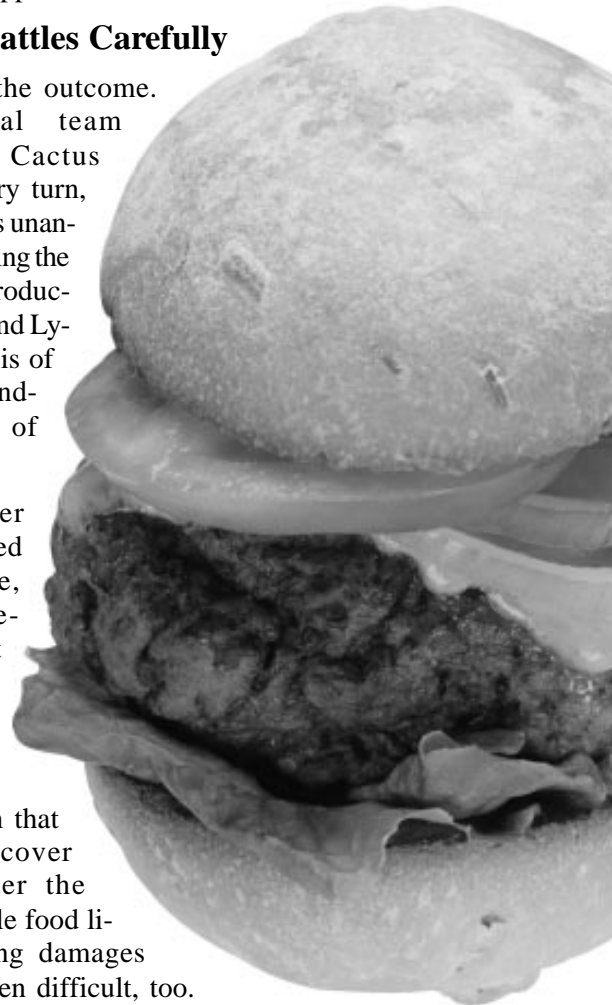
cautions made the threat extremely unlikely. In the meantime, cattle futures soared to 18-month highs, then fell and stabilized at levels well above where they had been before all the excitement.

But this was not enough for Paul Engler and several other cattlemen in the Amarillo area. They decided to sue Oprah for damages of \$11 million – what they lost in the futures markets – under a recently enacted Texas “veggie libel law,” which many states introduced in response to the 1989 Alar/apple crisis.

### Pick Your Battles Carefully

We all know the outcome. Oprah’s legal team trumped the Cactus Feeders at every turn, and the jury was unanimous in acquitting the TV star, her production company and Lyman on the basis of our First Amendment freedom of speech.

The jury never even considered whether false, harmful statements about beef were made, since the judge dismissed the plaintiffs claim that they could recover damages under the Texas perishable food libel law. Proving damages would have been difficult, too. One witness explained that the futures



market is used by cattle producers to hedge against both rising and declining prices, and suggested that the plaintiffs may have actually made money when cattle prices fell. The entire case proved to be pretty thin, although it is currently being appealed.

### **A Different Kind of Battle**

More important to us as marketing and communications professionals, Oprah won the public relations perception battle despite rather large odds against her. The facts, as we have seen, were all against her. At best, it appeared that she had been unfair not to include a cattle industry representative on the show in the first place, and that she had been glib in her reaction to Lyman's false alarm. Now she was put in the embarrassing position of having to defend herself in a highly publicized trial.

To make matters worse, the trial would be held in Amarillo, Texas, a staunchly conservative town with deep agricultural roots and a large local cattle industry. Despite the fragile basis of the cattlemen's suit, the very process of forcing a legal defense would reveal how ludicrous Oprah's statement had been. Even if she won the case, it looked like she might lose face, as the Chinese say, and possibly ratings.

Instead, Oprah taught all of us another lesson about public opinion and the power of perception. She treated the whole event as an opportunity, not as a problem or an unwanted distraction. Without yielding an inch, she swept into Amarillo like she was visiting long-lost relatives. She brought her television cameras. She hugged her supporters on national television. She moved production to temporary facilities in town, taped her daytime show in the evening and didn't miss a beat.

Amarillo, the heart of cattle country, welcomed her with open arms. Oprah was the biggest thing to hit town since

the dustbowl storms. The outcome of the trial was no real surprise, but Oprah's overwhelming public relations victory left most of corporate America shaking their heads.

Gracious in victory, Oprah did not even exercise her right to recoup her legal expenses from the cattlemen. So complete was her victory that her parting words to the crowd as she left Amarillo were, smiling, "I'm still off hamburgers."


### **A Silver Lining?**

The cattlemen did claim one victory. Engler told reporters that at least the message that American beef is safe was made "strongly and emphatically."

True enough, but they could have made the point equally well without all the time and expense of a legal trial. In fact, the calm reassurances of the government and representatives of the National Cattlemen's Beef Association (NCBA) immediately after the show had already helped to reverse the downward price trend, and there is no evidence that Oprah's remarks caused a decline in beef consumption. In fact, according to the U.S. Department of Agriculture, it continues to rise, albeit at a rate of less than one percent a year.

Health concerns have challenged the image of beef for many years now. Events like the late-April recall of 282,000 pounds of ground beef by IBP, Inc., the largest beef processor, for fear of *E. coli* contamination, keep the issue in the public eye. In this light, many industry insiders believe that the trial was ultimately harmful. After the verdict, Ken Krizner, editor, *Meat Marketing & Technology*, noted in his April column that, "Jay Leno and David Letterman interrupted their Bill Clinton-Monica Lewinsky jokes to take pokes at beef throughout the trial. The industry hasn't been the focal point of so much sarcasm since it em-

ployed actress Cybill Shepherd as a spokeswoman only to later see her disclose that her diet did not include red meat." He goes on to suggest that the poultry industry "and everyone else" is having a big laugh at the expense of beef, "courtesy of the Oprah Winfrey trial."

Legal recourse to address grievances is among the most important rights of individuals and businesses alike. All too often, however, businesses forget or neglect the importance of public opinion and the power of public perception. 

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