GENERAL MANAGEMENT

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Short Description

GENERAL MANAGEMENT

case study

Description

CASE 3 : COKE'S EUROPEAN SCARE

What seemed like an isolated incident of a few bad cans of Coca-cola at a school in Belgium turned into near disaster for the soft drink giant's European operations. In June 1999, Coke experienced its worst nightmare-acontamination scare resulting in the recall of 14 million cases of Coke products in five European countries and a huge blow to consumer confidence in the quality and safety of the world's most recognizable brand.

After the initial scare in Bornem, Belgium, Coke and Coca-Cola Enterprises (CCE), a bottler 40 per cent owned by Coca-Cola, thought they had isolated the problem. Scientists at the CCE bottling plant in Antwerp found that lapses in quality control had led to contaminated carbon dioxide that were used in the bottling of a recent batch of Coke. Company officials saw the contamination as minor problem and they issued an apology to the school.

At the same time that the problems were being dealt with in Antwerp, things were

breaking down at Coke's Dunkirk, France, bottling plant. In Belsele,10 miles from Bornem. Children and teachers were complaining of illnesses related to drinking Coke products. The vending machines at the school were stocked with Coke from the company's Dunkirk plant and were thought to be safe. Now a second bottling plant's practices were being questioned. What initially seemed like an isolated incident was now a crisis.

On June, 15,1999. 11 days after the initial scare in Bornem, Coke finally issued an explanation to the public. Most Europeans were not satisfied, Coca-cola officials used vague language and often contradicted one another when making statements. France's health minister, Bernard Kouchner, stated "That a company so very expert in advertising and marketing should be so poor in communicating on this matter is astonishing".

After three weeks of testing by both Coke officials and French government scientists, it was concluded that the plants were safe and that their was no immediate threat to the health of concluded that the plants were safe and that there was no immediate threat to the health of consumers. Coke has destroyed all of the pallets in Dunkirk and tightened quality control on CO2.

How could this happen to the company that is revered worldwide for its quality control and the European market now represents 73 per cent of total profits.14 While the scare has had some effect on Coke's profits in Europe, the company is more concerned with damages to its reputation and consumer confidence in its products.

Many critics say that Coke's slow response time, insisting that no real problem existed and belated apology have severely damaged the company's reputation in Europe. Some would disagree and feel that Coke handled the situation as best it could. "I think that Coke acted in a responsible, diligent way," says John Sitcher, editor of Beverage Digest. "Their first responsibility was to ascertain the facts in a clear and unequivocal way. And as soon as Coke knew what the facts were, they put

out a statement to the Belgium people."

The character and quality of a company can often be measured by how it responds to adversity. Coca- Cola believes that this crisis has forced the company to re-examine both its marketing and management strategies in Europe. Coke executives in Brussels are predicting that the company will double its European sales in the next decade and that this setback will only make the company stronger. Wall Street analysts seem to agree. Only time will tell.

Questions:-

1. **1. What are the management issues in this case**

2. **2. What did Coke do and what could have been done differently?**

3. **3. What are the key factors that were or should have been considered by management?**

Details
1. Case study solved answers

2. pdf/word

3. Fully Solved with answers