

Coke under fire essay sample

[Business](#), [Company](#)



Coca-Cola history began in 1886 when pharmacist, Dr. John S. Pemberton's curiosity, led to his creation of a uniquely tasting soft drink that could be sold at soda fountains. The Coca-Cola Company is currently the world's number one maker of soft drinks, with its red and white trademark making it the best-known brand symbol in the world. In spite of this concept over the last ten years, the firm has struggled to reach its financial intents and has been associated with a number of ethical crises. The various ethical crises are associated with turnovers in top management, departure of key investors, and the loss of reputation. Seemingly, the company shows no end to these events as major crises continue to develop. A major crisis relating to this multi million dollar corporation was when Coca-Cola allegedly accused of giving German, Austrian, and Danish supermarkets illegal inducements to stock fewer rival products. This could lead to major problems regarding how others see the company and where its intentions really lie. Part 1 of Understanding the Global Marketing Environments states that similar accounts have occurred forcing the corporation to endure various lawsuits resulting in the loss of 70 cases.

Loosing these cases became a problem and led to major loss in the overall wealth in the company as well as future views of Coca-Cola as being a liability. Many of these cases have derived from Coca-Cola's ongoing rival with PepsiCo. A major account between the two arose when "Coca-Cola made the attempt to acquire the soda brands for Cadbury Schweppes, which included Dr. Pepper and 7-up." (Gillespie) This proposed purchase encompassing all of Cadbury Schweppes's international markets. If successful this purchase would have increased Coca-Cola's market shares in

over 150 countries, but these two companies merging could lead to monopolistic issues. Many were dissatisfied with this proposed purchase, one of which was PepsiCo. After many hearings of this new information, various letters were sent to legislatures from PepsiCo requesting the Canadian government to disallow the purchase claiming over three hundred jobs would be lost. The Canadian Federal Competition Bureau agreed to undergo a costly investigation forcing Coca-Cola to repeal their proposed purchase offer. Why do you think some countries disallowed the Cadbury Schweppes acquisition whereas others did not?

“ Research shows countries disallowed the Cadbury Schweppes acquisition due to the corporation challenging the basis on which UK tax would levy its foreign subsidiaries in contrary to EU law.” (Ricci) It may also be said that many viewed Coca-Cola’s integrity as questionable. A number of European countries also put offers in which Coca-Cola had proposed under review knowing that their proposal could lead to negative results. Consequently, Coca-Cola scaled back on its efforts to purchase the brands in Europe. The Cadbury Schweppes proposition is not the only encounter Coca-Cola faced with competitive regulators. Douglas Draft, CEO of Coca-Cola stated that the company was committed to playing by the rules and doing what was best for the company.

If Draft’s statement was true, why was the firm in trouble in so many countries? The statement regarding the company’s commitment to play by the rules contradicts the accusations in which Coca-Cola was facing, thus making the public apprehensive of Coca-Cola’s intentions. Coca-Cola went

from existing as one of the most reputable corporations to misconduct and questionable behavior in regards to stakeholders. These ethical and legal problems appear to have had an impact on Coca-Colas financial performance. Which is understandable from looking at the company as a whole. It seemed to be unstable making stakeholders unsure of what's to come from Coca-Colas corporations.

Due to these major events Coca-Cola has continuously faced destruction to the company. At this time, Coca-Cola lacked understanding in different countries habits and why things work they way they do. Had they paid attention to their decisions before acting on them, Coca-Cola would have saved money and time. The best advice Coca-Cola could follow, concerning it's handling of government relations, is to operate within the laws of every country in which business is being conducted. Also, to be knowledge of the countries you enter and always remain politically ethical. Furthermore, Coca-Cola has slowly but surely changed the perception in which the corporate world views the company. Despite the detrimental business ventures Coca-Cola has bore it remains the “ world's largest manufacturer, distributor, and marketer of nonalcoholic beverage concentrates and syrups, operating in more than 200 countries.” (Giebelhaus)

Works Cited:

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