

# Coke-india: case study

Business



Acquisition of local beverages companies, aggressive advertising campaigns and competitive pricing played an important role in helping penetrating the market and gave Coca-Cola a competitive advantage over local beverages. In no time, Coca-Cola had gained the trust of the population and experienced a tremendous growth of the business in the region. This success was tarnished when accusations were brought to the government of India about a discovery found in the tests conducted by the Center for Science and Environment (CASE), a Non-Governmental Organization in India.

The discovery revealed that elevated amount of toxic substances (including Linden, EDT, immolation and Chloroforms) had been found in Coke and Pepsi products; especially in soft drinks. These substances are known to be dangerous to human health including causing cancer, birth defects and damage to the nervous and reproductive systems.

Following this discovery, Indian's government banned all Coke and Pepsi products and launched an independent investigation.

Coke stock price plumed; the company promised to launch its own investigation and provide the results of the tests to disclaim the Case's accusations to regain the trust of the consumers in India. Previous cases involving Coca-Cola Company show that this is not the first time that the company is involved in this type of allegations. The purpose of this letter is to bring to your attention the ethical issue presented in Coke's business practices with emphasis on product safety and quality. The practices presented in the facts above need to be investigated and resolved.

If these practices are not Investigated and addressed, the effects to the population will be very devastating for many.

The concerns will eventually spread out of India and pose retreat distress to the community of soft drinks consumers around the world. In addition to the consumers, these concerns will also affect Indian's population, employment growth In India, the employees, current and future investors, the suppliers Ana ten competitors. In response to these practices, I am proposing three different approaches that can be used to solve the dilemma and I hope that one of them can ultimately be implemented.

The three alternative resolutions are based on the Utilitarian principle, the ethics of Virtues and Cant's Categorical Imperative rule. The Utilitarian principle alls for actions that would produce the greatest balance of happiness over unhappiness dames, 2010).

If Coca-Cola wants to regain the trust of its consumers and reassures them of the non-validity of the accusations, it should use mass media and communicate the results of their own tests to the greatest number of people.

Instead of doing so, the companies redirected the consumers to its website to find the information. Now in a population with a low per capita of 6 bottles per year, I do not think that finding the results on the website is a proper media source for the consumers. Coming clean about the allegations will reassure the consumers and all the stakeholders. If the company uses the mass media to publish its results, the vast majority of population will get answers to the concerns and this will also help the company increase sales and attract more investors.

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Another solution will be based on the ethics of Virtues.

According to Aristotle, a virtue is a trait or character manifested in habitual action (Aristotle, 2010). Here, Coke and Pepsi should construct positive behaviors of honesty and care and therefore invest more resources in educating the population on the processes used to manufacture their beverages; from the collection of water to the cleanliness of the trucks used for transportation of the final products without of course revealing the recipe of the drinks.

The purpose of this step is to present consumers the strict safety standards that the companies claimed they use at all times in their manufacturing plants. In doing so, these companies show care for their consumers and their willingness to abide to regulations. The facts presented above show that this is not the first time Coca-Cola is involved in this type of allegations as mentioned in the Belgium case of 1999.

Instead of taking responsibility for the accusations Vaster, Coca-Cola's CEO at the time on visit in Paris, returned to the U. S.

A without responding to the crisis; leaving the consumer in distress. This is not a behavior of a person who cares about the well-being of the consumers. To avoid this type of habit to develop, it is important to implement policies that ensure that the processes of manufacturing these goods are well presented to consumers.

The third alternative resolution is based on Kant's Categorical Imperative rule. Kant defined this rule as follow: " act only according to that maximum

by which you can at the same time will that it should become a universal law' (Kant, 1785, 2010).

Kant's Categorical Imperative rule calls to act in such a way that the action taken under the circumstance could be a universal law, rule or behavior. I think that Coke, Pepsi and other beverage companies in India should Joint the government in developing standards that they believe are strict enough to eliminate the potential for contamination In the maturing process AT ten sort oral KS. I nesses standards will also ensure a safe delivery of the final products. Everything use to produce and liver the final product should be free of all contaminants.

In developing these standards, companies involved and the government should make sure that the standards apply to all the parties involved in the production of beverages. In conclusion, I believe that the ethics of Virtues is the best approach to address this issue. A company that cares about the well being of its consumers always engages in activities that promote that objective. By caring for the consumers, managers at Coca- Cola and Pepsi will ensure that all the proper steps are taken to eliminate contamination.