

Coca cola in belgium

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



- How could the Belgium problem have damaged Coca Cola?

Coca-Cola had been creating a really strong and successful image, and people had great sympathy for the brand. But because of the Belgian scandal, the credibility of the umbrella brand was being doubted. First of all, customers (mainly from Belgium and France at the beginning) were scared of drinking Coca-Cola products. For example, parents did not want their kids to get contaminated. More so, the brand was not giving a specific reason for these incidents, and by not reacting soon enough the quality of their products was at stake.

Because of that, the Belgian government imposed strict hygienic conditions to recover the right to sell their products again. Therefore, the rest of European countries had an "excuse" to distrust the brand, even if the Belgian authorities reacted a bit extremely due to the former chicken crisis. Suppliers and distributors around Europe were also impacted. Coca-Cola, as a global brand, had had to trust its bottlers to follow the quality values the company held, but this scandal challenged the current control of Coca-Cola over its supplier's plants.

But these suppliers also were scared of the consequences of their relationship with Coca-Cola in this crisis. Coca-Cola also suffered a financial impact because of this crisis. The withdrawal of their products had a negative impact on the second quarter net income of the year 1999, with a decrease of 21%. Not only that, but the cost of the entire operation escalated to \$103 million. All around the world investors were afraid of the money invested in the company, and this affected a decrease of the share value on Wall Street.

The competitors saw this crisis as an opportunity, and increased their promotion in order to steal part of Coca-Cola's market share. They took advantage of Coca-Cola's weak image during those days to claim their own high quality. Despite all of this damage during June and July (partly due to the slow reaction of Coca-Cola), by the beginning of August the core users of Coca-Cola brands had regained the same purchasing intent than before the crisis. Hence, we can conclude that even if there was a big impact in the short term, this crisis did not affect the image of the company in the long term.

- Is the problem solely limited to Belgium? Solely to Europe? Or is it a global problem?

It is worth mentioning that this was the first crisis of these characteristics that Coca-Cola suffered. Until then, it had been the most famous and successful global company, but a located problem in a relatively small country as Belgium had repercussions in Wall Street. It is true that the center of Europe was the most affected area for this problem: the cases of sickness were reported in Belgium and in France only, but it also affected the rest of the European market (Luxemburg and Dutch, for example).

It even made the European Commission involved, which recriminated the company for not giving enough explanations. However, it was not only the European market who was affected: they reported a worldwide loss of 1% of sales, and during 10 days they lost a 13% in share value. Therefore, the Atlanta Headquarter had to react, and Douglas Ivester (CEO) had to make a public international apologies. Nevertheless, Coca-Cola is produced locally

rather than globally, so they could have reduced this global impact by informing about the production and distribution process.

In conclusion, the brand image and reputation of Coca-Cola was affected globally, but especially in Europe, as it is where it had direct impact. Although thanks to Coca-Cola's strength, its global profitability only received a short term impact.

- Is it feasible for the company to regain its image? In this particular case, we already know that Coca-Cola was able to regain its image. But it is interesting to see what were the reasons of the recovery, and whether they can be used by other companies.

First of all, this crisis started as a phenomenon of mass hysteria, which happen periodically. They tend to have huge impact in the short term, but the long term is barely affected. Most recent example would be the avian flu, which had few casualties but caused a great disturbance. Second, the company had more than enough resources, the know-how and the influence to regain the confidence of its stakeholders through communication. After all, they were highly regarded by most consumers and markets, and recognized as a global, "caring" brand.

Third, we have now (not that much in Coca-Cola's particular case) the example of other global brands that had comparable problems and were able to recover, through both communication and other acts. One very well known problem was that of Nike, and the whole scandal of child labor during the 90's and early 00's. They reacted fast, and instead of trying to cover it

up, admitted it and acted in order to end the problem, and convince their stakeholders that they had

- If you had to design an advertising campaign, what objective would you propose? And what actions other than advertising would you undertake?

The scandal suffered in Belgium was also a reason for European authorities (and each country's authorities) to expose their doubts about Coca-Cola. Thus it would be advised to have an all-around campaign to prove the company's integrity and its commitment on social responsibility in front of all of the stakeholders, not only the consumers.

Some ideas we discussed that could be included in this campaign during the hysteria are the following:

- The crisis was directly linked to Coca-Cola cans. Because of that, Coca-Cola should promote bottles rather than cans.
- Unconsciously the human brain would not link the bottles with the crisis.
- The main focus of the campaign should be on emotional arguments, as functional arguments are compromised.
- Similar to the first idea, prevent damage over other brands (Fanta, Nestea) by advertising them individually, so the consumers do not link them directly to Coca-Cola. These communications could be supported with PR. If we can convince the media of the commitment on quality, positive comments will help calm down the consumers and minimize the impact of the hysteria.

John Emsley's article in The Independent is the perfect example of how this comments can benefit Coca-Cola. Some ideas we discussed that could be changed in the company after the hysteria are the following:

- Redefine the company's mission, to better show commitment with its stakeholders and with social corporate responsibility.
- More collaboration with local governments on social projects. *
Stronger conditions for suppliers, or stronger control over them, in order to make it harder for these crisis to appear.