

Crisis management in business – coca cola

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



Executive Summary

The Coca-Cola is threatened together with the soft drinks industry due to a report that a hundred of people in Belgium and France became ill after drinking a contaminated Coke. The Coca-Cola Company's claim of their success is due to the trust of their customers to the quality of their products, and this trust is now shaken. Alternative courses of actions are listed and evaluated based on their advantages and disadvantages. Based on this analysis, the Coca-Cola Company must come up with researches about the cause of the illness and if the claim that the cause is due to drinking of contaminated Coke is proven false, should go to the public and tell everything to clear its name to get back the trust of the consumer to the company.

Problem Identification

The name of the Coca-Cola had been its strength in the industry. They are very popular that they had become the number one brand for a long time. However, crisis such as this claim for illnesses due to drinking contaminated Coke became a big threat to the company. The presences of competitors also are threats to the company. These competitors have been grabbing these opportunity filling up the market (Pepsi and Virgin Cola) which threaten the come back of the company in the market.

The main problem in the case concerns with the shaken trust of the consumers on Cola-Cola where the company's success depends upon. Due to the report that there are contaminated Coke which is said to be the cause of the illness of the hundred people in Belgium and France who drink it, this

claim of the company about the trust is shaken. In addition, the loss of consumer which the company didn't even think of happening had happened as a result of the said incident. The soft drinks industry also was threatened and there had been around 13% decrease in the market of the Coke and Pepsi which are normally in the head of the market. The Coke is also perceived as denying its responsibility because they are not making any reaction to the claim about the cause of illnesses.

Generation and Evaluation of Solutions

The possible alternative courses of action for the Coca-Cola Company are the following:

A. Coca-Cola could do researches about the cause of the illness and if the claim that the cause is due to drinking of contaminated Coke is proven false, should go to the public and tell everything to clear its name to get back the trust of the consumer to the company.

Advantages:

1. this will cost less than doing product recall
2. easier and faster to do than product recall
3. results would make an impact due to scientific explanations and basis of the research
4. can bring back the consumer's trust faster upon disproving the cause of the incident

Disadvantages:

1. the result of the research is not certain; might be true or false

2. if found true, another expenses would be made to make a product recall

B. Coca-Cola can do a product recall and check their quality and make a claim that the next bottle of Coke they will see in the market are clean.

Advantages:

1. the company's name would be cleaned and so are their products

2. the trust can be recovered as soon as the product recall is finished

3. can prove that the company is not denying its responsibility

Disadvantages:

1. cost lot of money; highly expensive

2. more amount of time is needed thus delaying the other sectors of production

3. didn't have a clear view on what products should be cleaned; thus will cost jobs to be redone all over again

C. Coca-Cola can make a product recall and leave the business.

Advantage:

1. The problem is solved.

Disadvantages:

1. no source of income for the company
2. the founded trust and name in the market will be lost

Recommendation

The company can choose the alternative course of action A. That is to do researches about the cause of the illness and if the claim that the cause is due to drinking of contaminated Coke is proven false, should go to the public and tell everything to clear its name to get back the trust of the consumer to the company. Doing this would cost less than doing product recall. This is also an easier and faster way to do than a product recall. The results would also make an impact due to scientific explanations and basis of the research. Through this, consumer's trust can be recovered faster upon disproving the cause of the incident. And Coca-Cola can come back to the business and regain its claim: '...a billion servings of Coca-Cola ago was yesterday morning.'

References

Bernstein, J 1996, " Crisis Management Articles", viewed 15 April 2007, .

Coombes, A 2006, " You Never Know If a Layoff Is Coming -- How to Prepare", viewed 15 April 2007, .

Deuren, R B V 2007, " Crisis Management and Business Continuity", viewed 15 April 2007, .

Gerencher, K 2007, " Will Disability Insurance Cover All Your Needs?", viewed 15 April 2006, .

Heller, R 2005, " Business Crisis Management", viewed 15 April 2007, .

<https://assignbuster.com/crisis-management-in-business-coca-cola/>

Reh, J 2001, " Business Crisis Resources", viewed 15 April 2007, .