



Coca-Cola India Case Study Analysis (2005)

Morgan Michna
Stefanie Schulz
Liana Berke

When Coca-Cola entered the Indian market in 1933, it struggled gaining consumer preference and sales. In response, the company revamped its marketing strategy and focused on positively impacting society in India through various local levels. By 2003, Coca-Cola's efforts were rewarded by becoming one of the most favored beverage brands in India. This all changed in August 2003, when the Center for Science and Environment (CSE) – an environmental activist group in India – released to the public that the companies soda contained high amounts of pesticides threatening the health of India's citizens.

Communication Mistakes

Problem #1:

Coca-Cola India failed to conduct research on its audiences. It did a poor job gathering information on individuals living in rural India, the CSE, pesticide regulations, and the 11 soft drink companies that were also accused of contamination (Kaye, 1). This lack of knowledge was a major mishap in Coca-Cola's response to the CSE's allegations.

Solution:

- In order to have reached its target audience with its campaign, Coca-Cola should have conducted research to find out what media its audience was exposed to and how they received information. This way the company could have ensured that its main consumers – rural communities – were actually seeing that it was being responsive to the CSE's allegations (Kaye, 7).
- Coca-Cola should have surveyed how many people living in rural communities heard of the allegations and how they heard of them. This would have been beneficial in figuring out which mediums Coca-Cola could have used to reach the rural audience during its campaign.
- The company should have conducted research on the CSE's history and its previous claims against other beverage companies. This would have helped to determine the organization's credibility.
- In order to properly defend itself, Coca-Cola should have better familiarized itself with India's pesticide regulations within the beverage industry (Hills, 1).

- Coca-Cola should have researched the other 11 companies that were similarly accused and taken their tactics into consideration. This could have helped the company understand how the other companies were handling the situation.

Problem #2:

In 2001, Coca-Cola found extreme success in creating two different marketing strategies – one for the rural community and one for the urban community (Kaye, 6-7). The company acknowledged that these audiences received and reacted to information differently. However, Coca-Cola didn't use this tactic in its CSE campaign. While posting the "Myth vs. Fact" section on its website was a good idea in theory, Coca-Cola didn't take into consideration that the rural community may not have access to computers and the Internet (Kaye, 24-25).

Solution:

- Coca-Cola should have better planned its campaign to utilize avenues of communication that the rural population had access to. In turn, its response to the CSE's allegations would have spread throughout the rural population more productively.

Problem #3:

Another tactic Coca-Cola employed was threatening legal action against the CSE and filing a gag order following the incident (Kaye, 12). Not only did this action exacerbate the already deepening divide between Coca-Cola and its public, but also it made Coca-Cola appear conspicuous and guilty. Gag orders are not historically used often in crisis communications and are widely viewed as unconstitutional, so employing one had a negative connotation that further damaged Coca-Cola's image (Parkinson, 199). Regardless of intent or culpability, Coca-Cola only succeeded in showing that it might have something to hide.

Solution:

- Coca-Cola should have avoided filing a gag order altogether.
- Gag orders are not commonly used in public relations. This demonstrates that Coca-Cola could have communicated and navigated its crisis without one.
- The organization should have only taken this route as a last resort if all other options had been exhausted.

Problem #4:

When Coca-Cola did answer to the public, it reacted by attacking the credibility of the CSE, a defense mechanism that only produced more discord (Kaye, 12). By doing this, Coca-Cola lost an opportunity to collaborate with the CSE in finding a solution that met all parties' needs.

Solution:

- Instead of attacking the CSE, the organization should have released a statement announcing that they would look into this issue and conduct more research.
- Next, it should have partnered with the CSE and hired researchers to look into the matter further. In turn, this would have shown cooperation and have potentially swayed public opinion.

Communication Highlights

Coca-Cola positively reacted to the CSE's allegations in several ways recognizing that it needed to reach out quickly to the media and Indian public.

One of Coca-Cola's strongest tactics was identifying its opportunity to work with its rival Pepsi, who was similarly accused by the CSE. Because the two companies were the leading beverage manufacturers in India, they recognized it would be productive if they addressed the CSE's allegations together. The companies held a press conference as their first communicative step, knowing that their partnership would generate high attention from the media.

Another good tactic Coca-Cola executed was releasing a public statement to the Indian Public via CEO, Sanuiv Gupta: "We take these allegations extremely seriously. I want to reassure you that our products in India are safe and are tested regularly to ensure that they meet the same rigorous standards we maintain across the world" (Kaye, 12).

Additionally, the statement concluded by guiding the public to view a "Myth vs. Fact" section on Coca-Cola India's website. Although it's likely that a majority of India's concerned citizens did not have access to the Internet, this strategy factually answered many questions, concerns and rumors that had generated throughout the public.

Overall, the statement showed that Coca-Cola was being responsive to the CSE's allegations and public's concerns. It defended the company's reputation for producing high quality products, and its intention was to sway public opinion into questioning the validity of the CSR's allegations.

Communication Suggestions for Today

If this situation were to happen today, we believe that the best way for Coca-Cola to protect its reputation would be to penetrate its brand image into the rural areas of India since that's where a majority of its population resides.

Research shows this audience identifies with brands through word of mouth, and the best way to engender talk is by targeting education and televisions: "...with the growing aspiration levels (thanks to television), village youth who go to the cities for education and employment have also become important opinion leaders for lifestyle products" (Rajan).

Based on our findings we have three suggestions for Coca-Cola:

1. Target schools by donating products — like pencils and shirts — that children need with the Coca-Cola logo. This will raise awareness of its brand and help improve its reputation.
2. Hire promoters to hand out free products throughout the rural audience. Promoters will be educated about the Coca-Cola brand, so they can spread its mission and values throughout this population. In addition, they will be able to address any areas of concern.
3. Create television commercials that cause the public to be inspired by Coca-Cola by highlighting what the company has done to help India's education, health, and water conservation process.

References

Hills, Jonathan. "Coca-Cola India - a Case Study." *CSR Asia*. N.p., 14 June 2005. Web. 14 Oct. 2014. <<http://csr-asia.com/csr-asia-weekly-news-detail.php?id=4146>>.

Kaye, Jeniffer. "Coca-Cola India." *Arthur W. Page Society*. N.p., 2005. Web. 16 Oct. 2014. <http://www.awpagesociety.com/wp-content/uploads/2011/09/Coke_India_Case.pdf>.

Parkinson, Michael G. Restrictions on Access: Gag Orders, Restrictive Orders, and Closure Orders. *Law for Advertising, Broadcasting, Journalism, and Public Relations*. Mahwah, New Jersey: Lawrence Erlbaum Associates, 2006. 199. Print.

Rajan, R.V. "Focused Communication for Rural India." *The Hindu Business Line*. N.p., 20 July 2011. Web. 16 Oct. 2014. <<http://www.thehindubusinessline.com/features/brandline/focused-communication-for-rural-india/article2276591.ece>>.