

Coca-Cola

Dr. John Pemberton (Pemberton), an Atlanta-based pharmacist, developed the original formula of Coca-Cola in 1886. It was based on a combination of oils, extracts from coca leaves (cola nut) and various additives. The ingredients were refined to create a refreshing carbonated soda. Pemberton's bookkeeper, Frank Robinson (Robinson), suggested that the product be named 'Coca-Cola'. He also developed a way of lettering Coca-Cola in a distinctively flowing script.

On May 8, 1886, Coca-Cola went on sale for the first time in the Joe Jacobs Drug Store. The first Coca-Cola advertisement appeared in The Atlanta Journal on May 29, the same year. Pemberton, with modest help from several investors, spent \$73.96 on advertising, but was able to sell only 50 gallons of syrup at \$1 per gallon. The product slowly gained acceptance after the makers gave out a large number of free samples. In 1888, after Pemberton's death, Asa Candler, Pemberton's friend and a wholesaler druggist, purchased a controlling stake in the company.

Coca-Cola sales soared even without much advertising and as many as 61,000 servings (8 ounces each) were sold during 1889. Sensing the potential of the business, Candler decided to wind up his drug business and be associated with Coca-Cola full time. As business expanded, Candler also increased the advertising outlay. By 1891, Candler had complete control of Coca-Cola for \$2,300.....

On June 13, 1999, the US-based Coca-Cola Company (Coca-Cola),¹ the world's largest carbonated beverages company, recalled over 15 million containers of the soft drink after the Belgian Health Ministry announced a ban on Coca-Cola's drinks, which were suspected of making over 100 school children ill in the preceding six days.

This was in addition to the 2.5 million bottles already recalled in the previous week. The company's products namely Coke, Diet Coke and Fanta, were bottled in Antwerp, Ghent and Wilrijk, Belgium, while some batches of Coke, Diet Coke, Fanta and Sprite were produced in Dunkirk, France.

Children at six schools in Belgium had complained of headache, nausea, vomiting and shivering after drinking Coca-Cola's beverages, leading to their hospitalisation. Most of them reported an 'unusual odour' and an 'off-taste' in the drink. In a statement to Reuters, Marc Pattin, a spokesman for the Belgian Health Ministry, described the seriousness of the issue, "Another 44 children have become ill with stomach pains, 42 of them at a school in Lochristi, near Ghent, northwest Belgium.

The Belgian crisis broke out on June 08, 1999. Thirty-three children aged between 11 and 13 of St. Mary School in Bornem, Brussels, complained of headaches, discomfort, dizziness and nausea. A few vomited and were sent home. The school management then made efforts to find out why so many students had fallen ill. The enquiry revealed that students had drunk Coke shortly before they began complaining of their illness. The Coke had arrived at the school packed in cases of 20-centiliter glass bottles that were shipped from Coca-Cola's bottling plant in Antwerp.

The same day, the plant's management was called and briefed about the children falling ill after drinking Coke. A few plant managers visited the school to assess the situation, but, for some reason, decided not to take the remaining Coke stock back with them...

The Explanation

With things not going their way, Coca-Cola's executives came forward with an explanation of what had gone wrong. They claimed that their experts had investigated the problem by testing the suspect batches for chemicals and the tests showed nothing toxic in the beverages....

The Aftermath

Coca-Cola's financial performance suffered a major setback due to the Belgian crisis. The recall had a negative impact on Coca-Cola's overall second-quarter net income in the fiscal year 1999, coming down by 21% to \$942 million. Moreover, the entire operation of removing and destroying recalled products cost Coca-Cola Enterprises \$103 million (£66 million). The recall led to a 5% decline in the bottler's revenues and a fall in cash operating profit by 6%...