ABSTRACT: On June 14, 1999, school children in Belgium became ill after drinking Coca-Cola. The Belgian government ordered a recall of all bottles of Coca-Cola and banned the sale of all related Coke products. In a rush to safeguard the health of their publics, the governments of Spain and France banned the sale of Coca-Cola soft drinks. However, other nations near Belgium, including Denmark, Norway, and Sweden, did not ban sales of Coke products.

Why did some nations rush to ban products made by Coca-Cola while other nations waited for more information about the crisis? One answer may be found in an examination of the cultural dynamics of these six nations. The purpose of this article was to explore cultural variability, especially uncertainty avoidance and power distance, and to examine how it affects public response to crisis. An analysis of the national cultures of each of these countries showed that publics who live in nations that are high in uncertainty avoidance and power distance tend to react more strongly, and more quickly, to perceived threats.

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Business in the 21st century is rapidly changing. Today, successful organizations must operate in a global marketplace. American companies now have subsidiaries all over the world. Likewise, companies from Europe and Asia have operations in the United States. Globalization means that what happens to an organization in one part of the world will affect the organization in other parts of the world. The implications for public relations are clear: successful organizations must understand the intercultural and international aspects of public relations.

In an attempt to better understand the implications for organization–public relationships, the field of international public relations has become an important research area. Culbertson and Chen brought together 22 chapters that explored public relations development in 14 nations/regions of the world.1 VanSlyke Turk and Scanlan edited a volume of 15 different public relations case studies about nations making the transition to democracy.2 The enormous growth of scholarship and discussion about international public relations is impressive given that the first articles about international public relations only appeared in print 15 years ago.3 The significant research accomplishments that have occurred over the last 15 years now allow for a macro perspective on international public relations. According to Taylor, four major lines of research now delineate the field of international public relations: (1) extensions of Grunig’s four models of public relations to international situations, (2) critical examinations that question the presuppositions that guide American and international public relations theory, (3) discussions of international ethics and pedagogy, and (4) nation- or region-specific research that examines similarities and differences between nations.4 All four areas are important to provide a well-rounded picture of global public relations theory and practices.

Globalization creates both opportunities and challenges for public relations practitioners. Opportunities include the potential for public relations practitioners to lead their organizations during times of transition. Because the public relations function creates, changes, and maintains relationships with publics, it can help an organization build new relationships in international environments. But challenges also exist. The ways in which organizations can effectively communicate with international publics are dependent on a variety of cultural and societal forces. These cultural and societal variations will affect the communication between international organizations and the publics in the host nations.

One of the most difficult challenges for public relations in the global marketplace will be in the area of crisis communication. Writing about crisis in the United States, Zoch and Duhe5 and Coombs6 noted that crises often result from poor organization–public communication, and many case studies support this argument. However, crises are exacerbated when they occur in an international environment. When an organization lacks competence in understanding the cultural norms of host nations, then unfortunate incidents can become enormous crises that damage the relationship between an organization and its publics.

The purpose of this article was to better understand how cultural norms can affect public response to a crisis. This article examined a case study of how one multinational organization, Coca-Cola, communicated to publics during and after
an international crisis. The Coca-Cola tainting crisis occurred in Western Europe during the summer of 1999 when school children in Belgium reported feeling ill after drinking Coca-Cola. Coca-Cola’s response was to deny responsibility and doubt the claims of additional illnesses. This case study sought to understand why some nations in Western Europe, Belgium, France, and Spain, banned the sale of Coca-Cola and its related products while other Northwestern European nations, Denmark, Sweden, and Norway, did not suspend sales of the product. This article shows that although Coca-Cola’s crisis communication strategies, based on the cultural norms of an American multinational organization, could meet the needs of Swedish, Norwegian, and Danish publics, these strategies fell short for French, Belgian, and Spanish publics. Why did Coca-Cola’s communication efforts fail in half of the nations affected during this crisis? Two cultural variables, uncertainty avoidance and power distance, are important cultural frameworks that help explain the disconnect between Coca-Cola’s communication before, during, and after the crisis and the international publics’ response to this crisis.

The first section of the article examines the cultural dimensions—uncertainty avoidance and power distance—that can help us better understand the dynamics of organization–public relationships in international contexts. For Geert Hofstede, a psychologist from the Netherlands, uncertainty avoidance is the way that humans cope with ambiguity. Power distance explains how members of a culture deal with inequality and conflict. As psychological constructs these variables offer insight into a culture’s response to risk and crisis. Uncertainty avoidance and power distance have been studied in public relations; however, they have been examined only in the ways in which they affect practitioners who work in international contexts. An extension of this research applies these dimensions to how international publics perceive and respond to crisis.

To understand how these cultural variables affect Western European attitudes to crisis, the second section analyzes a case study of the Coca-Cola scare in 1999. This section examines cultural variance in six European nations and shows how this variance influenced public response to the Coca-Cola tainting scare.

Coca-Cola’s communication strategy, based on American cultural norms rather than the norms of the host nations, failed to meet the needs of international publics. The article concludes with a discussion of how Coca-Cola is changing its business strategies to better adapt to the cultural complexities of the global marketplace. Coca-Cola now has a new CEO and marketing strategy that may help the organization avoid future crises.
ences public relations has been receiving continuous attention in the literature. The first in-depth treatments began with Sriram, Grunig, and Buffington and Sriram and White, who explored the impact of organizational and societal culture. More recently, Sriram, Kim, and Takasaki have continued the line of research. Societal culture influences the practice of public relations in every nation and region of the world. Marra examined organizational culture as an area for crisis public relations and suggested that it is important to understand the relationship between organizational and societal culture in crisis communication.

One of the best treatments of culture and business communication can be found in the work of Geert Hofstede, who created one of the most popular definitions of culture: “the collective programming of the mind which distinguishes the members of one human group from another. Culture in this sense, included systems of values; and values are among the building blocks of culture.” Hofstede identified four principal dimensions of culture, power distance, uncertainty avoidance, masculinity–femininity, and individualism–collectivism, and examined how they affect communication in the workplace. Although all four dimensions offer insight into culture and public relations, the uncertainty avoidance and power distance dimensions are most applicable for studying public response to crisis.

**Uncertainty Avoidance**

The concept of uncertainty has been studied in a variety of fields, including, sociology, psychology, and communication. Uncertainty avoidance is most often understood to be:

> The extent to which individuals within a culture are made nervous by situations that are unstructured, unclear, or unpredictable and the extent to which these individuals attempt to avoid situations by adapting strict codes of behavior... cultures that are strong uncertainty avoidance are active, aggressive, emotional, security-seeking, and intolerant.

In Hofstede’s groundbreaking study, uncertainty avoidance encompassed questions about rule orientation, employment stability, and stress of employees in a large, multinational corporation. Nations that scored high on the uncertainty avoidance index tend to have more written rules, an elaborate legal system, and a belief that deviance from the expected norm is dangerous. In an update of Hofstede’s country classifications, Fernandez, Carlson, Stepina, and Nicholson found that societal changes can affect national scores on the uncertainty avoidance dimension. For instance, in Fernandez et al.’s study, Japan shifted from a high uncertainty avoidance country to low uncertainty avoidance nation because of the “increased importance of Japanese business as an economic force in the world. Given Japan’s economic strength, willingness to take risks may be more accepted now in that country.”

Uncertainty avoidance has been thoroughly examined as an important factor
in international business situations. For instance, Zinkhan and Balazs found uncertainty avoidance to be a predictor of public confidence of advertising messages.\textsuperscript{21} The Zinkhan and Balazs study, conducted in 16 European nations, found that people’s trust in information about a product or service was directly related to the national level of uncertainty avoidance.\textsuperscript{22} Likewise, Vitell, Nwachukwu, and Barnes posited that a society’s level of uncertainty avoidance would influence how tolerant of deviations or mistakes from the norm it was.\textsuperscript{23} A study of relevance conducted by Armstrong showed that the dimension of uncertainty avoidance pointed to “higher levels of the importance of ethical problems.”\textsuperscript{24} Armstrong found that in high uncertainty avoidance nations, workers need written rules to guide ethical decision making. Thus, an understanding of uncertainty avoidance may help multinational corporations to formalize written codes of ethics for employees in high uncertainty avoidance nations and create informal codes for employees in low uncertainty avoidance nations.

Communication researcher William Gudykunst also explored this concept in cross-cultural research.\textsuperscript{25} Gudykunst described high uncertainty avoidance cultures as countries where people “try to avoid ambiguity and therefore develop rules and rituals for virtually every possible situation... these cultures tend to be highly ritualistic and/or very polite.”\textsuperscript{26} Conversely, low uncertainty avoidance countries “accept dissent and taking risks.”\textsuperscript{27} This cultural orientation has implications for communication, crisis, and public relations. Gudykunst warned, however, that no single dimension is sufficient to truly understand the dynamics of a culture and suggested that certain dimensions of culture complement and explain the other. For instance, Hofstede’s work not only identified the high uncertainty avoidance nations, but also linked the dimension of power distance to uncertainty avoidance.\textsuperscript{15}

Power Distance

Power distance is a construct that measures inequality across a culture. “Power distance is a measure of the interpersonal power or influence between B [boss] and S [subordinate] as perceived by the least powerful of the two.”\textsuperscript{28} The power distance index examines communication attitudes and roles as perceived by the subordinate in organizational relationships.

Sriramesh studied power distance as a factor in Indian public relations.\textsuperscript{29} Indian society was caste oriented in the past, and now is class oriented. Sriramesh found that power distance continues to influence practitioner’s selection of either the one-way or two-way communication models. Although this dimension explains interpersonal communication, it also can provide information about societal tolerance for inequality. For instance, high power distance nations often encompass a latent conflict between individuals and organizations that have prestige and resources and those who feel powerless. Although this conflict is rarely vocalized and acted on, in high power distance cultures it influences the attributions that people make about the actions of others. For example, the powerless are not very forgiving when the powerful make mistakes.
In an international business context, according to Victor, the levels of power in societies are inherently different. Indeed, in public relations, several authors including, Sriramesh and Taylor and Kent, found that power distance is an important factor in not only understanding the role of the public relations practitioner in an international organization, but also for understanding how societies accept inequity between the “haves” and “have-nots.” Organizations, such as government offices; multinationals; and well-known, family-owned businesses, are perceived to be very powerful. In high power distance nations, publics may distrust these organizations. Ethicists, including Armstrong and Vitell, Nwachukwu, and Barnes, have also called for studies about the relationship between power distance and perceptions of ethical problems. Power distance has traditionally been viewed as a work-related value that will influence the communication in an organization, but as Hofstede noted, when combined with uncertainty avoidance, it can be used to explain national cultures.

The Interaction of Uncertainty Avoidance and Power Distance in Crisis

Uncertainty avoidance and power distance will affect an organization’s communication and public response to crisis in two ways. First, these cultural dimensions affect how the organization acts during a crisis. Low uncertainty avoidance organizations may not view isolated incidents as constituting a crisis and thus may do little to communicate to publics about the situation. Likewise, organizations from low power distance cultures may not see a need to communicate with local governments about a particular situation. Organizations from high power distance and high uncertainty avoidance nations may take the opposite approach and communicate directly with governments during a crisis to secure their support. Even the decision as to which organizational department will handle a crisis is influenced by the levels of uncertainty avoidance and power distance. For instance, in their study of tourism crises in Spain and the United States, Gonzalez-Herrero and Pratt’s found that 64% of the Spanish organizations surveyed worked with legal advisors during a crisis. Spanish tourist organizations seem to prefer legal counsel when dealing with crises rather than relying on public relations efforts. This tendency may exist because tourism is such an important part of the national economy. Moreover, in the Hofstede study, Spanish culture does not appear as tolerant of ambiguity and risk.

Second, cultural variation also affects how the public responds to a crisis. Hofstede asserted that, “in their impact on society, power distance and uncertainty avoidance will interact.” This interaction has serious implications for crisis public relations. A “high UAI [uncertainty avoidance index] score was related to a strong superego. However, in a high PDI [power distance index] environment this superego will be personified in the form of a powerful person (the father, leader, the boss). People will be able to blame the powerful people for their ills” In other words, in high uncertainty avoidance nations people seek rules, rituals, and laws to guide behaviors. In high power distance nations, people respect those who hold
positions of power. However, when the two dimensions of culture interact, those who have power are held to a strict standard of conduct. If these people, or the organizations that they lead, break the socially constructed norms, then the public (those with less power) will seek retribution and accountability. Thus, organizations, especially those from a different level of cultural variation, need to be aware of the levels of power distance and uncertainty avoidance of their international publics. Not knowing your publics’ tolerance for risk could have severe consequences for the organization–public relationship.

What are the short-term and long-term implications of losing international public trust? The next section of the article offers an examination of a public relations case study in Western Europe that shows how cultural variation influenced international public response to a crisis situation.

**THE COCA-COLA TAINTING SCARE IN WESTERN EUROPE**

Crises are always difficult times for organization–public relationships. In their work on corporate responsibility and responsiveness, Wartick and Wood warned that “companies that stonewall, deny responsibility, bluff, or take narrow legalistic approaches to crisis may never be forgiven” by international publics. Cultural variance, especially the combination of high power distance and high uncertainty avoidance, has consequences for international organizations that operate around the world. These organizations must understand that their actions will be heavily scrutinized, criticized, and penalized if they break the societal norms.

To better illustrate how cultural variation influences public response to crisis, a multiple-country case study was conducted to examine the relationship among culture, crisis, and public response to crisis messages. The next section offers a case study that includes the background of one organization, Coca-Cola; an examination of its international crisis; and finally, an evaluation of public response in the six nations affected by the crisis.

**Background: Coca-Cola in Europe**

The Coca-Cola Company is a leader in the global soft drink industry. Its world headquarters is located in the United States in Atlanta, Georgia. Globally, Coca-Cola employs nearly 30,000 people. Syrups and beverage concentrates for Coca-Cola, and over 160 other soft drink brands, are manufactured and sold by The Coca-Cola Company. Subsidiaries operate in nearly 200 countries around the world. Approximately 70% of Coca-Cola’s volume comes from sales outside of the United States, making Coca-Cola heavily dependent on continued growth in the world economy.

Coca-Cola has been fighting for market share all over Europe. Moreover, it has been in protracted negotiations with several European governments
to gain approval to buy small, local soft drink companies. As McClean noted, “Coke has been America’s ambassador in many emerging markets and already gets 80% of its profits overseas (p. 313).” As world markets have declined in the late 1990s, so too has Coca-Cola’s ability to maintain its international expansion.

Coca-Cola’s worldwide business includes bottling and distribution operations. Most of the international operations are owned and operated by local, independent business people. This means that the local economy—whether Tokyo or Toronto—benefits from local ownership and control. Local ownership is designed to help marketing and public relations efforts to create strong relationships with local media and publics. Coke has five geographic groups, but the greater Europe group, which stretches from Greenland to Russia’s Far East, includes some of the most established markets in Western Europe. The greater Europe market also includes the rapidly growing nations of Eastern and Central Europe. The Coca-Cola Company stock is publicly traded on the New York Stock Exchange as well as on the German and Swiss exchanges.

The Tainting Crisis

On June 14, 1999, school children in Belgium reported feeling ill after drinking Coca-Cola soft drinks. The Belgian government immediately ordered Coca-Cola Belgium to recall the product. It complied with the order, but maintained that independent laboratory tests did not show any harmful substances in their products. On June 15, the nations of Spain and France accused the soft drink maker of selling tainted products.

Two possible explanations exist for the poisoning incident. First, some tests found that the outside of cans had been in contact with a fungicide that had been applied to the wooden pallets that were used in the shipping process. A second plausible explanation identified very low quality levels of carbon dioxide in the “fizz” in the bottles made at the Coca-Cola Belgium factory. This low quality “fizz” may have made the children ill.

Coca-Cola reacted to these claims as a low power distance and low uncertainty avoidance organization. Its public relations strategy originally discounted the claims of tainting in its products. Coca-Cola did not accept any responsibility for the incident, and the organization even suggested that the people who had fallen ill were part of a mass hysteria. Coca-Cola did, however, agree to pull the drinks from the shelves. The public relations response has been considered “a waffle,” “foot dragging,” “a poor attempt at damage control,” and “ducking away from a health scare.” Nine days had passed before the chief executive officer of the organization acknowledged the problem. CEO M. Douglas Ivester finally flew over to the region and offered a free can of coke to consumers to win back their loyalty. Coca-Cola also promised to pay more attention to bottling process and hinted that “we let the consumer down.”
The Public Response

Western Europe is a complex region when examined through cultural variation. Some nations score high on uncertainty avoidance and power distance, others score low, and some have mixed orientations. The national responses to the Coca-Cola tainting scare can help us understand how cultural variation influences public response to crisis. For instance, nations that scored high on both the uncertainty avoidance index and the power distance index showed a lower tolerance for the crisis; their governments penalized Coca-Cola and demanded greater organizational attention than did those nations who scored on the low end of the uncertainty avoidance and power distance scales.

There were many key publics that needed Coca-Cola’s attention during the first week of the crisis. Stakeholders in each nation included consumers, government leaders, and shareholders. Belgium was located at the epicenter of the crisis. Belgium’s key trading and cultural neighbors include France and Spain to the south and Sweden, Norway, and Denmark to the north. The six nations most directly affected by the tainting scare will be examined next according to their levels of uncertainty avoidance and power distance.

Public Response in High Uncertainty and High Power Distance Nations

Coca-Cola’s slow response affected the levels of trust of consumers who were once loyal to the Coca-Cola brand. Over 200 people fell ill after drinking Coke products, and many felt betrayed when the company refused to believe their claims of illness. Belgian, French, and Spanish consumers not only stopped drinking traditional Coke products, but also stopped buying related Coca-Cola brand products, such as Fanta, Nestea, and Coca-Cola Light. Given the competitiveness of the soft drink industry, Coca-Cola needed to strengthen consumer loyalty, not discourage it.

Governments are often important publics for international organizations. Government–business relationships are a very important aspect of public relations in Western Europe. According to Haug and Koppang,48 Western European governments affect private corporations because there are large amounts of red tape in the bureaucratic systems that require international organizations to devote resources to getting favorable action on policy issues as well as a system of government subsidies that favor local or national organizations over multinational organizations. Both of these areas create a growing need for organizations that operate in Western Europe to use lobbying as a public relations tool to gain maximum influence.49

The Belgian government was a key public that was all but ignored during the crisis. If Coca-Cola had conducted research into the current events of Belgian health issues, the organization would have learned that the Belgian government had recently been scandalized over a livestock feed scare. During the spring of 1999, the government of Belgium was publicly humiliated in front of its European
Union member states after a contaminated feed scandal resulted in several resignations of high level Belgian officials. The Coca-Cola tainting scare was badly timed for both common citizens and policymakers in Western Europe. The Belgian government sought to use Coca-Cola as an example because government officials did not want to be accused again of not protecting the public interest.50

The governments of Spain and France were also displeased with Coca-Cola. Coca-Cola’s claims that its products were safe angered these two national governments by challenging their authority. This was a dangerous strategy given the recent health scares and scandals in Belgium and throughout the European Community. No government wants to look like it is not aggressively protecting the public health.

The dominant cultural dimension that affected organization–public relationships in these three nations during this crisis was uncertainty avoidance. Hofstede’s uncertainty avoidance index examines the ability of humans to cope with uncertainty.51 Table 1 shows that Belgium, France, and Spain all scored extremely high—Hofstede’s 30 nation mean was 64. The high score on this index describes cultures that experience high anxiety for unexpected; low risk taking; and a concern for security, safety, and explicit rules. Belgians have a low tolerance for any type of uncertainty. In the case of Coca-Cola tainting scare, high uncertainty avoidance would negatively affect the organization–public relationship because there is “pessimism about the motives behind company activities.”52

France, a nation that dislikes the entry of any global products into its culture, was directly affected by the tainting. A Perrier water recall occurred in France in the early 1990s. During the summer of 1999, consumers in France reported illness at the same time as the Belgian school children. Indeed, although the majority of the illnesses were in Belgium, the factory where the Coca-Cola products were made was located in Dunkirk, France. In an attempt to minimize uncertainty, the French government closed down the Dunkirk manufacturing plant. Public discussion centered on public distrust of multinational companies selling their products in France and blamed multinationals for causing economic problems for national brands.

Officials in Spain also reacted strongly to the tainting crisis in Belgium. Ironically, most Coca-Cola products that are sold in Spain are manufactured in Spain by Coca-Cola Espana. There was little risk to Spanish consumers from the Belgian tainting; yet the Heath Ministry pulled all imported bottles of Coca-Cola, regardless of nation of origin, and the consumer public stopped buying all related

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Coca-Cola products. Again, this points to a very high level of uncertainty avoidance on the part of Spanish citizens and officials.

The second dimension of cultural variation that was useful for this case study is power distance. Power distance points to the basic differences in inequality across cultures.\textsuperscript{53} It examines social distance in superior–subordinate relationships from the position of the person with the least power. Although power distance is measured as a work value, it has implications for communication as well as organization–public relationships. Table 1 shows that Belgium, Spain, and France all scored high on the power distance index. The mean for the 40 nations in the Hofstede study was 51 and the United States, home to Coca-Cola, scored much lower than that.

The implications of high power distance are clear for the Coca-Cola tainting crisis. Because Belgium is a high power distance nation, people tend not to trust those in power. Moreover, there is a “latent conflict between powerful and powerless.”\textsuperscript{54} Coca-Cola needed to understand that any quality control problems would create a lack of trust and eventual conflict between the high power distance publics and a low power distance organization.

It was Coca-Cola’s CEO’s absence, in both comment and presence, that directly affronted the high power distance nations during this crisis. Coke was not condemned so much for the tainting situation, but was criticized because the company remained silent for over a week after the first illnesses. On June 22, 1999, 9 days after the scare, Coca-Cola finally issued a public apology. In an open letter to Belgian consumers, CEO Ivester finally apologized for any inconvenience and discomfort associated with the scare. The company pledged to deliver high-quality products in the future. This tainting crisis has been considered the worst health scare in Coke’s 113-year history and a public relations disaster.\textsuperscript{55}

In Spain, another high uncertainty avoidance nation, this crisis may be the final reason that Spanish consumers needed to return to their local soft drinks. Prestige consumer products, such as Coca-Cola, are a luxury item in recession-prone Spain. Consumers in Spain are likely to switch to less-expensive brands if given a valid reason. Coca-Cola España, the local division, took out full-page newspaper advertisements explaining that Spanish-made Coke products “have a full health guarantee and pose no risk for consumers.”\textsuperscript{56} Consumers did not believe this claim and did not buy Coca-Cola products.

France is also a high power distance country. Coca-Cola’s crisis communication did not reassure the government or consumers. In many ways, Coca-Cola ignored the French. For instance, whereas CEO Ivester apologized to the Belgian people in a June 22, 1999, open letter published in 15 Flemish and French papers in Belgium, no apologies were made to the French public. The lack of a formal apology for French consumers may have prompted a French ban on Coke that continued 1 day after the Belgian authorities began to allow the product to be sold again in Belgium.

Even if Coke was not to blame for the illness, the high uncertainty avoidance and power distance publics and governments in these three nations were already predisposed to mistrust foreign organizations. Belgium, Spain, and France reacted...
very strongly to the Coca-Cola tainting scare. What about other Western European nations? Did the tainting scare affect all neighboring states in the same way? It appears that national levels of uncertainty avoidance and power distance may be influential factors in predicting public response to the crisis. Indeed, an analysis of Belgium’s northern neighbors shows that other nations, especially low uncertainty avoidance and low power distance nations, reacted very differently to the tainting scare. As a means of comparison, this case study inquired whether the 2.5 million-bottle recall affected Belgium’s other neighbors, the Scandinavian nations.

**Public Response in Low Uncertainty and Low Power Distance Nations**

A review of other nations in the European Union shows that many nations watched and waited for conclusive evidence before banning the sales of Coca-Cola and related products. Why did these nations not recall all Coca-Cola products? One key answer is that these nations are more similar to Coca-Cola’s cultural norms in power distance and uncertainty avoidance.

Table 2 shows the uncertainty avoidance indexes for Sweden, Denmark, and Norway. These scores were much lower than those for Belgium, France, and Spain and were much closer to the American score. The scores of these Scandinavian nations may help explain why no actions—policy, boycotts, or banning—were taken against Coca-Cola. Given that the American score for uncertainty avoidance was much closer to these Scandinavian nations, it appeared that these national governments and health ministries were not worried that tainting would endanger their national population. This may be attributed to similar conceptions of risk between the organization and these publics.

These nations also scored very low on the power distance index. Table 2 shows scores for Sweden, Denmark, and Norway. These nations seemed more willing to accept Coca-Cola’s explanation of the situation. Indeed, the United States’ score of 40 was much closer to these low power distance nations than to that of Belgium, France, or Spain. The cultural similarity in power distance orientations may have added to the level of mutual understanding and maintenance of Coca-Cola–public relationships during the crisis.

This six-nation case study of Coca-Cola showed that this multinational organization misjudged its publics on a variety of cultural dimensions. A close scrutiny of the cultural and social complexities of Western European nations would have told the American-based Coca-Cola executives that European governments

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and publics are not monolithic. The same strategies and tactics that work in one nation are often not successful in another. Although these nations are part of the European Union, each maintains its own unique cultural values. The cultures of some nations—Belgium, Spain, and France—do not tolerate an incident that creates risk, ambiguity, and conflict. Other, more risk-tolerant nations—Sweden, Norway, and Denmark—appear to be more patient, and, if the Coca-Cola crisis is any indication, more forgiving of mistakes.

**CONCLUSION**

The implications for relationships with Coca-Cola’s shareholders continue today. Shares on all exchanges were down during the period of June 15–June 24. Coca-Cola’s 1999 second quarter earnings dropped 21% off the previous year’s earning. Third quarter and fourth quarter earnings were also lower than in 1998. Immediately following the resolution of the crisis, CEO Ivester promised, “we’ll spend whatever is necessary to regain the confidence of the Belgian consumers.” However, Coca-Cola found itself once again in trouble in Belgium. In October of 1999, Alan Cowell of The New York Times reported, “the company confronted another flurry of health scares when four Belgian children reported illness from drinking Coke. Prosecutors cleared the company of responsibility in these incidents but the publicity reminded customers once again about the mass illnesses in June.” No matter what it did, it could do little to regain the trust and support of publics in France, Spain, and Belgium.

The implications for Coca-Cola are not merely visible in the damaged relationships between the organization and its Western European publics. The internal structure of the organization has also been damaged from the poor handling of the crisis. On December 7, 1999, CEO Ivester announced his resignation. The new CEO will be Douglas Daft, an Australian who has extensive international experience. The Wall Street Journal columnists, McKay and Deogun, wrote, “Mr. Ivester was widely criticized for his perceived arrogance after school children in Belgium became sick from drinking contaminated products, resulting in the largest recall ever of Coke products.” It may not have been Ivester’s arrogance so much as his organization’s inability to accurately understand and react to the complex cultural dynamics of the European marketplace. Given the high levels of uncertainty avoidance and power distance in Belgium, France, and Spain, it makes sense that those nations would respond quickly and severely to any threats to public safety. Coke’s promise to discover problems with its bottling operations no doubt placated the lower uncertainty avoidance nations of Norway, Sweden, and Denmark, but these promises were not enough to satisfy cultures that seek order, predictability, and adherence to rules and laws.

The summer tainting case is over now. A “Coke’s Back” advertising campaign is underway in the region. This upbeat campaign seeks to regain market share, and hundreds of Coke representatives have been hired to speak with consumers at grocery stores. Coca-Cola continues to fight to regain market share and
rebuild relationships with its European publics. Improved quality controls are now in place, and the company is spending millions trying to rebuild its relationships with its publics. Public relations efforts include “road shows and beach parties, rock concerts and free handouts to refurbish the European image of Coca-Cola, the world’s most famous brand.”

Marketing efforts have also changed. Coca-Cola has a new business strategy that attempts to better understand the unique cultural and economic issues in many nations of the world. Coca-Cola’s previous one product, one global strategy, will now be modified under new CEO Daft. In an interview with The New York Times, Daft summed up the Belgian situation, “maybe there was no one there who understood the environment. Or, if we had people who understood the environment, we didn’t listen to them.” It appears that Coca-Cola now understands the importance of understanding its international publics. On January 29, 2000, the company issued a news release that claimed a new realignment strategy as:

culmination of a careful review during the past six months of each of our business functions. The world in which we operate has changed dramatically, and we must change to succeed. This realignment will better enable the Company to serve the changing needs of its customers and consumers at the local level and ensure that Coca-Cola complements the local culture in every community where it is sold. Our success depends on our ability to make billions of individual connections each day in every community around the world. With the pace of change in global markets increasing every day, we have to redouble our efforts to remain close to the customers and consumers we serve.

The new marketing strategy and the elimination of 6,000 jobs in the United States and abroad attempts to move the power from Atlanta, Georgia, to a more local focus in its many international operations. The new strategy is a reflection of the desire to better understand Coca-Cola’s international publics and a recognition that the centralized bureaucracy in Atlanta is not flexible enough to handle the global marketplace. It is a step in the right direction; however, because of cultural variation and its impact on public response to crisis, the citizens of Belgium, Spain, and France still need time to trust Coca-Cola again.

What can international organizations learn from the Coca-Cola tainting scare in Europe? First, cultural variability is a fact of life and understanding it may help organizations better predict how international publics will respond to organizational messages. Organizations that seek entry into the global marketplace should learn about the cultural and societal factors that guide the behaviors of their host publics. Cultural variability, recent events, and societal tolerance of risk are also important topics to learn. Second, international organizations need people from the host nations to act as “cultural interpreters.” This model of public relations, coined by Anastasia Lyra in her thesis on public relations in Greece, shows that every organization needs trusted and informed experts to explain the cultural and societal norms of their home country. Finally, and perhaps most important, organizations need to avoid ethnocentrism in their communication strategies with international publics. The belief that what works in Atlanta will
work in Brussels can no longer guide successful organization–public relationships. As Coca-Cola learned, the world is not “one market, one strategy.” Instead, the world is a complexity of cultures and variations that affect how publics respond to organizational messages and organizational crises.

**Notes**

20. Ibid., p. 46.
22. Ibid.
23. Vitell et al., op. cit.
27. Ibid., p. 330.
34. Vitell et al., op. cit.
35. Hofstede, 1984, op. cit.
38. Ibid., p. 214.
39. Ibid., p. 214.


Ibid.


Ibid.

Echiksonet et al., 1999, op. cit.

Echiksonet et al., 1999, op. cit.

Hofstede, 1984, op. cit., p. 176.

Ibid., p. 133.

Ibid., p. 65.

Ibid., p. 94.

Ibid., 1999, op. cit.


Hays, 2000, op. cit.