**COCA-COLA COMPANY’S PUBLIC RELATIONS NIGHTMARE**

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**Introduction**

It was August 28, 2013. Demonstrators gathered in Times Square in New York City. They poured the contents of Coca-Cola bottles into the street and smashed empty cans. A man in a tie-dyed green t-shirt held up a sign, “Defend Human Rights.” The man following behind him was dressed in a suit and raised his sign, “Coke: Don’t Sponsor Hate.” The Olympics emblem with five rings was displayed on the top part of the signs. The protestors were upset because Coca-Cola was one of the major sponsors of the 2014 Winter Olympics Games in Sochi, Russia. The Russian government had just strengthened its long-standing policies that discriminated against members of the lesbian, gay, bisexual and transgender (LGBT) community.

Alan Klein, a spokesperson for the protestors in Times Square said, “By sponsoring the 2014 Winter Games in Sochi, Coca-Cola is associating its brands with state-sanctioned gay-bashing. Coca-Cola is sacrificing the safety and security of Russian LGBT people for profit – a position that opposes fundamental Olympic principles, runs counter to the International Olympic Committee charter, and that will tarnish its global image for decades to come” (as quoted in Hernandez, 2013). Stephen Fry, a British actor, author and journalist, insisted that there be an “absolute ban on the Russian Winter Olympics” because “Putin is making scapegoats of gay people, just as Hitler did Jews” (as quoted in Hern, 2013). Senator Charles Schumer suggested that participants waive rainbow flags during the opening ceremonies of the games to show support for gay rights (Chasmar, 2013). Even President Barack Obama said that he was personally offended by the anti-gay policies of the Russian government but added, “I do not think it is appropriate to boycott the Olympics. We’ve got a bunch of Americans out there who are training hard, who are doing everything they can to succeed” (as quoted in Socarides, 2013).

**Background**

The Coca-Cola Company’s long running partnership with the International Olympic Committee (IOC) dated back to 1928. The company signed multi million dollar contracts with NBC, the TV host for the games. Alpine world champion Ted Ligety, reigning Olympic men's figure skating champion Evan Lysacek, Paralympic snowboarder Amy Purdy, and retired Olympic star Michelle Kwan, were chosen and contracted by Coca-Cola to represent its brand during the 2014 Sochi Olympics. It was estimated that a top-level international sponsorship cost between $80-100 million each for one Winter and one Summer Olympics (Helm, Ewing & Roberts, 2007; Socarides, 2013).

Russia hosted the 2014 Winter Olympic games in its southern resort city of Sochi, on the Black Sea. Contractors embarked on a Herculean effort to build an infrastructure to support the games from scratch. It was estimated that Russia spent over $50 billion, or five times more than original expectations (“Most expensive Olympics,” 2013). Progress was temporarily halted in September 2013 when heavy rains caused landslides and required workers to pump out water and remove debris from the streets. Observers noted that Russia’s President, Vladimir Putin, made Sochi his own personal project. It was a way for him to highlight the growing power and prosperity of Russia (“The Sochi Olympics,” 2013).

Although being gay in Russia was legalized in 1993, being openly gay was risky. In 2013, a gay 23-year-old man was brutally murdered in the city of Volgograd. When gay protestors kissed in front of the Russian lower house of Parliament, they were doused with water and beaten, while police officers stood by and just watched. A television anchor working for the government-controlled KontrTV network was fired when he announced during a live broadcast that he was gay.

In the summer of 2013, ahead of the games, Russia’s President, Vladmir Putin, signed several anti-gay laws. One law enabled police officers to arrest tourists and foreign nationals suspected of being gay or pro-gay, detaining them for up to 14 days. Four Dutch filmmakers were arrested and deported for trying to make a documentary about gay rights in Russia. Another law imposed heavy fines on citizens who held gay pride parades or provided information to minors about “nontraditional sexual relations.” Yet another law prohibited same-sex couples, as well as singles and unmarried couples living in a country that recognized gay marriages, from adopting Russian-born children.

In August 2013, the IOC announced that it had received written promises from the Russian government that there would be no discrimination at the Sochi games. In October 2013, Putin told Thomas Bach, head of the IOC, that “We will do everything to make sure that athletes, fans and guests feel comfortable at the Olympic Games regardless of their ethnicity, race or sexual orientation” (“Sochi 2014,” 2013).

**The Challenge**

In its press release on August 28, Coca-Cola stated that it was “one of the world’s most inclusive brands” and that it valued and celebrated diversity (see http://www.coca-colacompany.com/press-center/company-statements/sochi-olympics-sponsorship). Joe Mirabella, director of communications for All Out, an equality campaign platform, felt that this response was inadequate: “Coca-Cola is an incredibly important position of power and has the ability to influence both the International Olympic Committee and Russian leaders. The safety and dignity of Russians, athletes, and fans is in doubt as long as Russia’s anti-gay laws are intact. Olympic sponsors have a moral obligation to speak out now and demand an end to Putin’s human rights crackdown” (as quoted in Miller, 2013). How should the executives at Coca-Cola have responded to the public uproar? If you were a senior executive which if any, alternative courses of action would you suggest? What can Coca-Cola do to anticipate these types of social issues in the future?

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