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COCA-COLA EUROPEAN PARTNERS: FROM THE IBERIAN PENINSULA TO EUROPE (A)

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This case has been published by the Research Division of San Telmo Business School, Spain. It has been written by Professors Jorge Bernal González-Villegas, Antonio García de Castro of San Telmo Business School and research assistant Gloria Ocaña Derqui of San Telmo Business School, as a basis for class discussion only and is not intended to illustrate any judgment on the effective or ineffective management of a specific situation.

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"There will come a time when you believe everything is finished.
Yet that will be the beginning."
Louis L'Amour, American author.

Since the early 1950s and for nearly 50 years, the Spanish bottling model of the Atlanta-based The Coca-Cola Company (TCCC) had remained virtually unchanged. Beginning in 2005, however, changes in the environment and the food & beverage industry became turbulent for Coca-Cola in Spain. The causes for this were manifold: a spectacular development of the modern food industry (large retailers, the concentration of the distribution industry, etc.), the drop in volume of the most profitable product categories, the closure of tens of thousands Horeca outlets, the development of organized chains in the segmented channel, the push of private labels, etc. As a result, margins plummeted both for bottlers and for TCCC (see Appendices 1 and 2).

At the beginning of 2011, old echoes of a merger in Spain became stronger, fueled by the environment and by TCCC's Chairman. For seven Spanish and Portuguese family-owned companies, the option of merging was once again on the table, although there were significant barriers to be removed.

Some wondered if all they needed to do was "wait for better times to come." Others turned to Europe and the world. Despite the initial refusals and past disagreements among bottlers, the merger finally took place on June 1st, 2013. What for many years

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