DGI-290-E

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

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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 and research assistant Gloria Ocaña Derqui from 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.

AKNOWLEDGMENTS

This document has been compiled thanks to contributions from sponsors from the agribusiness advisory service department of San Telmo Business School, which in august 2017 was made up of the following companies: AECOC, AGRÍCOLA SAN MARTÍN, AGRO SEVILLA ACEITUNAS, ALIA CAPITAL PARTNERS-GRUPO ZENA, AZTI TECNALIA, BONDUELLE IBÉRICA, CAJA RURAL DEL SUR, CAMPOFRÍO FOOD GROUP, C.C. CARREFOUR, CASALBOR, COCA-COLA IBERIAN PARTNERS, CORPORACIÓN ALIMENTARIA PEÑASANTA, COVAP, COVIRÁN, DEOLEO, EL POZO ALIMENTACIÓN, EUROPASTRY, FIAB, FRIMANCHA INDUSTRIAS CÁRNICAS, GONZALEZ BYASS, GRUPO EBRO FOODS, GRUPO IFA ESPAÑOLA, GRUPO LUIS SIMÕES, GRUPO SIRO, GRUPO SOVENA, GRUPO YBARRA ALIMENTACIÓN, GRUPO ZENA, HEINEKEN ESPAÑA, LA CÍA BRANDING & PACKAGING, LANDALUZ, MAHOU-SAN MIGUEL, MAKRO, MERCADONA, NESTLÉ ESPAÑA, NUEVA PESCANOVA, OSBORNE Y CÍA., RABOBANK, SAT ROYAL, and Williams & HUMBERT

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On April 20th, 2015, the Social Chamber of the Spanish Supreme Court dismissed the appeal filed by Coca-Cola Iberian Partners (CCIP) against the National Court's judgment. The National Court had declared null and void the corporate layoff file presented after the merger of the 8 Iberian bottlers. The reinstatement of the employees made the integration process in progress highly complex: some jobs were no longer available due to the closure of factories, others had accepted the layoff conditions and preferred not to return, it was uncertain what would happen with those who had been relocated, etc.

The possibility of not submitting that appeal and restart negotiations with employees' representatives after the National Court's judgment did not seem feasible in the face of The Coca-Cola Company's (TCCC) announcement of a possible merger of CCIP with two other large European bottlers. There was a high risk that the Supreme Court would overturn the appeal, as it finally happened. The company, however, must move forward with the integration plans in the Iberian Peninsula quickly in order to capture synergies, scale up, reorganize structures, rationalize assets, etc. with aims to be prepared for the European integration.

After the Iberian merger, local family businesses with sales that ranged between 70 and 800 million EUR had become the first food & beverage company in the Iberian Peninsula. Although the recovery shown by macroeconomic indicators in the Iberian Peninsula was far from the real economy in which CCIP operated, in 2015, the company had a turnover of 2,920 million EUR (3.1% more than in 2014), with an EBITDA of 360 million and a net income of 191 million (up by 8.4% and 7.9% respectively compared to 2014).

They had sold 556.3 million unit crates (3,160.1 million liters) of soft drinks, juices, and water in Spain, Portugal, and Andorra, with eight soft drink factories, one juice plant, and six natural water springs. The product portfolio included 87 beverages, 18 brands, and 280 SKUs. The company hired 4,480 employees.

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