

## **Case Study - Dirty tricks at the corner store**

This story was told to me by someone who claimed that they had first hand knowledge of the events described and that they were true.

In a part of the world in which competition between organizations is not as tightly controlled as in Europe and America, many business people seek to gain commercial advantage through what might be classified by some as dirty tricks. This example is based around the soft drinks market.

One company was a second tier supplier in the drinks market and was always seeking ways to achieve greater market share and sales. On one occasion it hit on what it thought would be a great way of doing just that. The major suppliers to the corner stores that made up the bulk of sales of these products were major international companies which sold their drinks in returnable bottles. Customers would take the empty bottle back to the store and obtain their deposit back, often against of the next purchase. The second tier supplier told its own delivery drivers to buy from the corner shops every bottle they could that belonged to their competitor, offering more than the bottle was worth if necessary.

After a couple of days of this activity the major supplier began to run out of bottles to fill as part of the recycling process and so levels of its soft drink in the shops began to fall. The second tier supplier was prepared for this eventuality and of course had supplies of their own soft drinks available to make up for the lack of availability of the major brands. The major supplier was forced to place orders for new bottles with their suppliers, but these took a few days to begin to flow through to the bottling plant and on to the shops. By this time the second tier supplier had made a significant impact on their share of the market and level of sales, at least in the short term.

The major supplier was forced to buy significant quantities of new bottles, lose position in the market, allow a competitor to try and change buying habits and engage in heavy promotional activity to regain market share.

### **Task**

Analyse this case in terms of the issues included in the text. Some of the more appropriate aspects include ethics, politics, power, management, control and employee involvement.

*A case study developed by John Martin. Reviewed and Copyright 2005.*