

## Area: Company's Sustainability

**Subjects: Respect for assumed Commitments / Cause-related Marketing**

**Title: Ethics taken into hostage**

### Part 1

"Buongiorno" is one of the oldest Italian coffee roasting companies. Established in 1904, it is still owned by the founding family. Its market share on the Italian market is around 4%. This share has been constantly decreasing in the last two decades and the business area is concentrated only in the Northern Italy. The family controlled company refused many purchasing offers in the last years. Weakened by both the lack of strategy and the lack of financial lever, it didn't succeed in its international development while almost all its competitors did.

The company is nowadays managed by 9 members of the family and occupies 95 employees. The roasting process is a very easy one; In fact, only 10 employees are dedicated to production; The remaining ones are involved in purchasing process (buying coffee seeds from different parts of the world) and mostly in commercial process (divided between superstores division and bar & restaurant division).

Last year has been dramatic for "Buongiorno" and another difficult year would signify the end of the company or its takeover by one of the bigger actors of the market. The attempt of the last Marketing Director (fired at the end of the year) to diversify the products and to set up a communication strategy on "traditional" and "authentic" was a failure.

M. Rossi is the new dynamic Marketing Director. Hired 3 months ago, he's explaining to the managing committee his first analysis, conclusions and strategic plans. Because of the financial weakness of the companies, pricing strategy, communication campaigns are being avoided. He has instead come up with a great idea: customers are very receptive to social aspects and he thinks that "Buongiorno" could gain good benefits promoting its products promising to fund a social action (to be defined) for each sold package. He's asking the committee to validate his idea so that he can work on a more precise project.

1. What do you think of the situation?
2. Should the committee give to M. Rossi its agreement to proceed?
3. Should CSR be part of a business strategy? What are the limits of a CSR action?

(Discussion in groups + debate)

### Part 2

The committee, even if divided, had no alternative to "do-nothing strategy". So they agreed.

M. Rossi comes back to the committee a month later. After having screened several possibilities, he says he has identified a good project. He got in touch with a local humanitarian organisation in Costa Rica, where "Buongiorno" supplies itself. The new born unknown organisation is helping people to rebuild houses after the catastrophe caused by hurricane Nelly. M. Rossi says he will go and visit the organisation (with which he's had only contacts by phone by now) and close an agreement. He then dedicates much more time showing the drafts of the new coffee packages which promise a 40 cent contribute to Costa Rica people.

He then asks a quick decision: The whole campaign is ready and commercial results of "Buongiorno" are getting worse. He would intend to "be on the shelves" within 30 days.

4. What do you think the committee should do at this point?
5. Which role should be played by organized bodies through controls and certifications?

(Discussion in groups + debate)

### Part 3

The campaign was launched at the beginning of June. The first results have been very good and the commercial results of the 3<sup>rd</sup> trimester raised up to 25%. But the campaign lost successively its customers attraction and the results of the last trimester were inferior to the ones of the last year. Thanks to the campaign, the accounts were quite balanced this year.

We're now at the end of the year; A \$ 2.000 was sent to the Costa Rican organisation at the end of July; M. Rossi is now explaining to the committee that he did visit the organisation but just tightened a verbal agreement with them; He hasn't had any contact with them since the end of summer; According to sales figures, "Buongiorno" should send \$ 200.000 to the organisation. According to the Financial Director, the funding will definitively compromise the accounts of the company and it could be the end of the company.

6. What do you think the committee should decide?
7. What do you think of the whole conduction of the case?

(Discussion in groups + debate)