

Case #6. Greenpeace and Dali's Genetically-modified Food**by Qian Meng****(This is a student-written case. It is presented for informational purposes only, not for analysis.)**

Dali Group Co., a Chinese food company founded in September 1989, has 11 subsidiaries, 16 production groups, and 13000 employees in China. Dali devotes 3.5% of annual sales to new product development and production equipment and innovation at its technology development center. Dali's "Dali garden", "Hao chidian", and "May beak" have become well-known brands on the market in China. *(unfortunately, the Dali Group website, www.dali-group.com, is only in Chinese)*

The majority of Chinese consumers have a very cautious attitude toward food, and for good reason. In recent years, there have been many scandals in which Chinese companies were found to have introduced impurities into foods. In one case, where a powdered milk manufacturer introduced a foreign substance to make its produce appear to have more bulk, it resulted in thousands of children becoming ill and some dying, and the two top executives in the company were executed. The author of the case, a Chinese university student, is typical; she has made a commitment **not** to eat foods with genetically modified raw materials, such as those from companies like Kraft, Daneng, Coca-Cola, Pepsi-Cola, etc., and 140 other brands selling in China.

In October 2008, a supermarket spot-check by the international environmental NGO **Greenpeace** (<http://www.greenpeace.org/eastasia/>) discovered that, Dali's "Hao chidian," a miscellaneous grains biscuit product line, was printed with the inscription, "made by the transgenic soybean processing." Greenpeace contacted Dali regarding the use of genetically-modified raw material, but the Dali consumer service sector personnel said they did not have any knowledge of the matter. Then Greenpeace mailed a letter to Dali top management, sent a facsimile, and an email, and continued to inquire, but did not receive any response from the company. After a few days, Greenpeace sent a telegram to the Dali Group laboratory and public relations department, but also got no response.

In November, Greenpeace continued to send telegrams to the Dali group consumer service hotline, but still got no response. Then Greenpeace appealed to its **"net friends"** to send letters to the Dali Group, asking it stop using the transgenic raw material. After a few days, Greenpeace received feedback from its **net friends** that Dali's company email inbox (dali-group@dali-group.com) was full, and emails were being returned by the Dali Group. Greenpeace then asked everybody to send a facsimile to Dali group.

In December, after Greenpeace had sent more than 20 letters to Dali via the company's online consumers' facsimile mailbox at the Dali Group's main office, the

company responded. A Dali representative sent a letter to Greenpeace that if Greenpeace would discontinue sending this kind of fax, Dali would consider how to solve the problem. Greenpeace sent this message to its **net friends** by its electronic communication network. But Greenpeace also appealed for more **consumer** participation to get Dali to stop using transgenic material. Soon, more than **2000 consumers** transmitted an appeal letter to Dali Group.

On December 28, a Dali Group representative called Greenpeace and said that it had already received several thousand messages on this issue, and it would start to pay attention to the matter and would contact Greenpeace again in a week.

In January, 2009, Dali announced it would start to investigate this matter, and claimed its current products did not use transgenic raw materials. Next, it said it would investigate its suppliers, in order to as soon as possible make “**not** including transgenic raw material” the pledge.

If you were the CEO of Dali Group, would you have responded to to Greenpeace’s electronic assault on the company, and if yes, when would you have responded and what would have been your response?