

COCA COLA

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INTRODUCTION

The objective of this essay is to conduct a critical marketing appraisal of Coca Cola branding. In this regard, different tools such as PESTLE, SWOT, Porter 5 forces and other aspects will be reviewed to conclude the essay.

TASK 1A

PROCESS AND STAGES OF MARKETING INCLUDING THE ROLE OF MARKETING MIX

MARKETING

Broadly, marketing can be defined as the process of designing, communicating and delivering the offers that have a particular value for the customers, stakeholders and society as a whole (Baker, 2008; Eagle, Dahl, Czarnecka, and Lloyd, 2014). This typically involves the process of providing awareness to the customers in order to help them to take the purchase decisions effectively while critically considering the business objectives of the organization.

STAGES OF MARKETING

The following figure presents the stages of marketing process following by an explanation for the case of the Coca Cola Company:



FIGURE 1: STAGES OF MARKETING (KOTLER AND KELLER, 2016)

SITUATIONAL ANALYSIS

The stage of situational analysis involves a macro environment analysis in which internal and external business factors are analysed in terms of their suitability to the business (Gilligan and Wilson, 2012).

OBJECTIVES

In this stage, specific objectives for marketing are developed. For the case of the Coca Cola, the marketing objectives could be to enhance the marketing share by 5%.

STRATEGY

This process involves the preparation of effective strategies to meet the marketing objectives of the organisation.

IMPLEMENTATION

The stage before the last one in the marketing process would involve an implementation of the strategies that have been designed.

CONTROL

Simply the last stage can be defined as evaluation stage. The control stage analyses if the company achieves its marketing strategy and objectives.

PESTLE FACTORS

PESTLE analysis is an overview of macro environment of the company based on five factors (Banutu-Gomez and Rohrer, 2012). This framework has been used below for Coca Cola to understand the impact of external factors:

POLITICAL FACTORS

For its global operations, political factors play a critical role in shaping the operations of Coca Cola. Recently, due to rising problems of obesity, various policies against the use of soft drinks has been developed in many countries:

Based on this, the political factors would not be favourable for the company as complying to various policy requirements in several countries across the globe is challenging.

ECONOMIC FACTORS

The expansion objectives of Coca Cola are closely linked with external economic factors. In the current scenario, the economic positions of various countries vary largely. In this scenario, it would be difficult for the company to work with a common expansion strategy.

With this, the economic factors would also remain unfavourable for the company as varying and uncertain economic conditions in most of the developed countries would restrict growth.

SOCIAL FACTORS

For Coca Cola, the social factors are inevitable to consider as the popularity of the products would be directly linked with the social perception of the products. For Coca Cola, the company has observed a negative impact due to high health consciousness by the customers.

The social factors would also be unfavourable for the company as in the coming years, an increase in the health conscious customers may be observed due to high awareness provided by relevant authorities.

TECHNOLOGICAL FACTORS

Technology is the backbone of Coca Cola's extensive expansion and efficient production facilities. It might be a source of competitive advantage if company further invest in the technological developments. Moreover, it also helps in development and commercialisation of the few products in potential markets.

Thus, the technological factors would be favourable for the company as they will help the company to develop and maintain a competitive advantage.

LEGAL FACTORS

The policies and health awareness programmes against processed drinks could affect the business. Moreover, business conduct, operations and expansion in a particular location would also be influenced by the local laws and policies.

As of now, the legal factors are unfavourable for the company because of the laws against carbonated drinks.

ENVIRONMENTAL FACTORS

In addition to product and commercial laws, environmental factors and compliances would also be necessary for Coca Cola to maintain a better reputation in the community and also to develop a competitive advantage for the company.

Currently, the environmental factors are also unfavourable for the company because of strict environmental laws and practices with compliance requirements.

PESTLE Strengths	PESTLE Weaknesses
Business can be further enhanced into the emerging markets.	Political, legal and economic factors are unfavourable and these must be worked on to avoid any risk of market loss.

PORTER'S 5 FORCES

Porter five forces model assess the competitiveness of the market. In order to assess the competitive of market in which Coca Cola operates, the following is the analysis:

SUPPLIER POWER - LOW

Coca Cola has not a large base of the suppliers and they are limited with good relationship with the company. In this scenario, the bargaining power of the suppliers would be lower, which will minimise their power or influence over the organisation.

BUYER POWER - LOW

For Coca Cola, the brand enjoys a high loyalty of the customers. Although the substitutes are available, the emotional attachment developed by the company with its customer restricts this force to go higher. Thus, the risk from this aspect is specifically low.

THREAT OF NEW ENTRY - MEDIUM

For the market in which Coca Cola operates, the capital cost and barriers to market entry would decide the threat of new entrants. A review of the market in this regard highlights that this force is at a medium level because entry barriers to beverage industry are lower.

THREAT OF SUBSTITUTION - MEDIUM

For almost each of its products, Coca Cola has a substitute available in the market. Threat of substitution is medium to high due to a large number of alternate products such as juice and drinks. This alternatively would enhance the business risk of the company.

COMPETITIVE RIVALRY – HIGH

For Coca Cola, this force is relatively high due to a fierce competition in market with Pepsi and other brands. With a high competitive rivalry, it would be difficult for the company to maintain its market share over an extended period of time without maintain a sustained competitive advantage.

SEGMENTATION, TARGETING AND POSITIONING

Details are below for each:

SEGMENTATION

This is an activity to divide the market based on the common characteristics and requirements of the consumer (Kotler and Armstrong, 2013). Considering this, the company can effectively market. For Coca Cola, the segment could be based on age groups, genders and health orientations. The company segments its markets as follows:

- **Psychographic:** Segmentation, based on social class and personality characteristics (Kotler and Armstrong, 2013). The Company divides its markets based on flavour preferences and health choices of the consumers. The product line of the company in this regard is aligned with the strategy, i.e. the company has a genuine Coke along with Coke diet.
- **Demographic:** The company also segments its market based on the gender, age and other demographic factors (Kotler and Armstrong, 2013). This particular segmentation strategy is clearly visible from the promotional

messages of the company. Generally, Coca-Cola aims to attract every customer in all age groups, but the most potential are the young people aged between 15 to 30 years old.

- **Geographic:** Divides the market into different areas, nations, units or cities. The company must also pay attention to what consumers want and need within the areas (Kotler and Armstrong, 2013). The Coca-Cola Company makes available its non-alcoholic beverage products in more than 200 territories and countries in Europe, the Middle East and Africa, North America, Asia-Pacific. According to MarketLine (2019) the company wants to strengthen its position in Asia-Pacific and following this approach, the company has extended its business in thirty-four territories and over hundred cities in China and thirty-six territories in more than fifty cities in India.

TARGETING

This is the process of selecting the market that will be chosen for marketing along with the strategy to communicate or reach to the particular market (Kotler and Armstrong, 2013). For Coca Cola, the targeting is differentiated. The organisation uses this strategy in order to satisfy all consumers which are from different countries and have different interests, lifestyle and taste.

POSITIONING

This refers to the place that a brand has in the mind of the consumers (Varbanova, 2013). The Coca Cola Company position itself as a valued brand and branding activity helps to achieve the loyalty of the consumers. As mentioned earlier, the company has a strong brand and an emotional link with the customers has been developed that helps to build a long-term loyalty.

MARKETING MIX 4PS

- **PRODUCT**

For Coca Cola, product range includes beverages, juices and other products. The product line of the company is duly aligned with its market segmentation strategy. The choices of the consumers in different segments have been considered while offering and maintaining a diversified product line.

- **PRICE**

Coke's price strategy is mainly based on a second-degree discrimination. This aspect considers the price and its suitability of the market, e.g. Coca Cola prices its products based on the competition in the market. The company maintains a leading position and for most of the products, the prices set by the company works as a benchmark for other competitors.

- PLACE

For Coca Cola, the company distributes through a network of retailers and distributors. In addition to a centralised distribution strategy, the distribution and channel selection also vary from one country to another and this is primarily because of the varying requirements of the markets based on social norms.

- PROMOTION

Coca Cola uses different channels based on the nature of the segment in order to promote the markets. In addition to the conventional channels such as television, billboards, newspaper, the company also make use of advanced and innovative strategies such as sponsorships and social media to reach to the customers.

2. ROLE OF MARKETING IN CREATING VALUE FOR THE CUSTOMERS

MARKETING CONCEPT AND DEFINITION

Marketing is a diversified field and has different definitions. Typically, this is considered as the process of creating, assessing and delivery value for the target market at a profit. It considers both the value for the target market and a financial viability for the organisation (American Marketing Association, 2012). This process involves the assessment of the internal and external environment to effectively communicate with the chosen market.

BRANDING AND ITS ADVANTAGES

Branding is a marketing practice that involves the creation of a specific symbol, colour or other visual elements in order to distinguish a product or service from others. This is the process of creating a distinctive design in order to get an attention and emotional attachment of the consumers (Baldacchino and Khamis, 2018). Branding activity has several advantages, which includes:

- Recognition in the market: Branding provides customer recognition and customer loyalty. In addition to this, it also assures a consistency among various products offered by the company and it will also help in maintaining the brand equity
- Allowance of the shared value and talent acquisition from the market: Another advantage of branding could to have the allowance of the shared value and it also attracts the talent from the marker by developing a rapport. This may help the company to achieve its corporate objectives while building a competitive advantage.

BRANDING STRATEGY OF COCA COLA

Coca Cola use different strategy and various strategy development tools in order to achieve the desired marketing objectives. Core branding strategies include:

- **Branding based on segment requirements:** The company make use of strategies based on the nature of the market and the life cycle of the product (FinancialDirector, 2012). As an example, if the company wishes to enter to a new market with its flagship product of Coke, it may use the strategy of market development (Banutu-Gomez and Rohrer, 2012).
- **Corporate umbrella branding:** Coca Cola uses the 'one brand strategy' and as an example, its 4 products – Coca Cola, Coke Diet, Coca Cola ZERO and Life Coca Cola are presented under the master brand of Coca Cola, instead of being presented as different brands.
- **Individual Product branding:** It means that there is no any connection between a certain brand and the company that produces this product. A Fuze Tea is an example of product which is produced by the company and it is well known from its own brand and strengths.

ANSOFF MATRIX STRATEGIES

While entering into a particular market, an organisation has various strategies to choose from. For this purpose, various strategy development tools are used, and Ansoff Matrix is one of them. This tool helps the marketers and business experts to select an appropriate marketing strategy based on their situation of the business along with the associated risks with each strategy (FinancialDirector, 2012).



FIGURE 2: THE ANSOFF MATRIX (FINANCIALDIRECTOR, 2012)

Based on above matrix:

MARKET PENETRATION

This strategy is used for existing products and in existing markets. Coca Cola extensively use this strategy in order to market and promote the existing line of its products. For instance, in the development markets, the company make use of the promotional strategies such as sponsorship in order to market the traditional products. This is normally done to develop a consistent contact with the market in order to generate leads.

PRODUCT DEVELOPMENT

Used of new products in the existing markets. Coca Cola mainly utilises this strategy where it has initiated the new products. For instance, when Diet Coke had been introduced in various markets, this particular strategy has been specifically used in order to penetrate in the targeted markets effectively.

MARKET DEVELOPMENT

It is used for existing products in new markets. Coca Cola does not extensively use this strategy because the company already had developed markets and existing products does not require any further markets unless the company expands to new locations.

DIVERSIFICATION

Considering the current business environment, Coca Cola's prime objective is to sustain its business and market share. In this regard, the company has started to acquire other businesses specifically including the healthy beverages such as juices, tea and coffee. In this scenario, the strategy of diversification would be specifically helpful for the company in order introduce and sell its new products in the targeted markets.

3. STAKEHOLDERS ENGAGEMENT AND THEIR IMPACT ON MARKETING ACTIVITIES

STAKEHOLDER

A stakeholder can be defined as an individual or an organisation that can either directly or indirectly influence the operations of a business(Freeman, 2015).

INTERNAL AND EXTERNAL STAKEHOLDERS

The stakeholders of an organisation can be broadly classified into internal and external stakeholders (consumers , regulatory, suppliers). The internal stakeholders would be the individual or corporations that are internal to the organisation and has a role in affecting the business objectives and results of the organisation (Freeman, Harrison, Wicks, Parmar, and de Colle, 2010). For Coca Cola some of the internal key employees are: James Quincey - Chief Executive Officer, Chairman and Director; Nikolaos (Nikos) Koumettis-Group President-Europe, Middle East and Africa (EMEA); Nancy W. Qua-Chief Technology Officer; Senior Vice President.

STAKEHOLDERS IMPACT ON MARKETING ACTIVITIES

As far as the communication with the stakeholders is concerned, various channels and strategies are used that are dependent on the nature of the stakeholders. For instance, in case of the internal stakeholders, the company would be utilising both formal and informal approach such as meetings and informal gatherings for the purpose of communication. In case of the external stakeholders, strategies are utilised based on the nature and their role in the business, e.g. the Coca Cola Company communicates with consumers through various media channels including TV, newspaper, social media, etc (Banutu-Gomez and Rohrer, 2012).

CONCLUSION AND RECOMMENDATIONS

To conclude, it can be argued that the company under consideration is quite in-line with the market norms and direction in terms of its marketing practices. Nonetheless, in order to avoid any possible threats due to the external environment, the Coca Cola Company may consider an extension in its product line and should introduce the healthy alternatives of the beverages. In addition to this, due to raising environmental concerns, the company should also consider its water usage and packaging standards.

TASK 1B

TACTICAL COMMUNICATION TOOLS

Tactical communication, in simple words, can be defined as the process of transmitting information from one source to another. This source could be an individual or an organisation (Clow and Baack, 2014). The concept of communication is broad and within a business scenario, it would be the exchange of information, ideas, values, strategies and concepts.

COMMUNICATION MODEL

Communication models are the systematic representation of the process through which a communication is carried out. A simple or linear model of communication has been highlighted in the figure below, which explains that information is transmitted from the sender to a receiver through a medium and this medium could be of various type (Clow and Baack, 2014). For instance, in case of our project, we used blog as a medium.

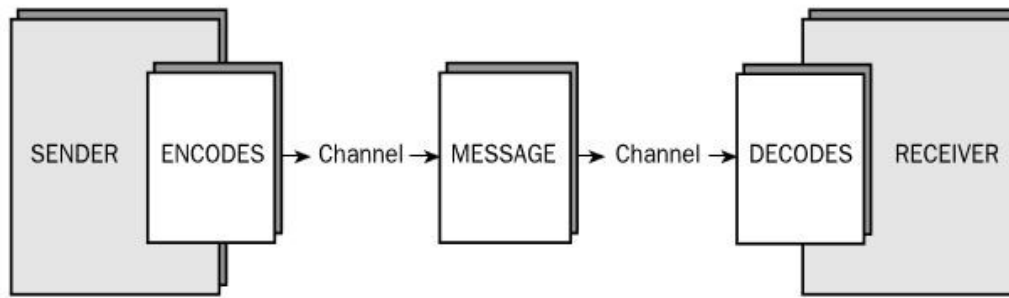


FIGURE 3: MODEL OF COMMUNICATION

INTEGRATED MARKETING COMMUNICATION

Integrated marketing communication can be defined as a carefully linked marketing communication through all channels (Percy, 2018), i.e. if a company is using different channels like the Coca Cola is doing, integrated communication would ensure that the message at each channel is consistent with the branding and marketing objectives.

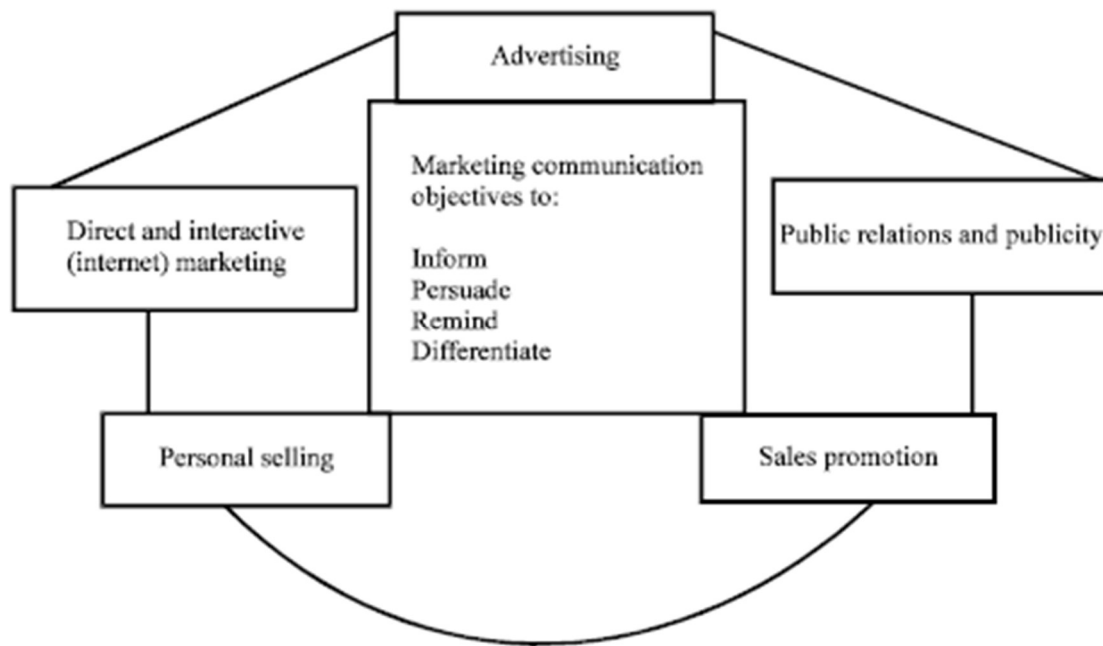
TYPES OF PROMOTIONS AND PROMOTIONAL STRATEGIES

Promotion is considered as a backbone of the sales and revenue that is generated by an organisation. The financial viability and results of a company are largely dependent on how it promotes and sells its products. In this regard, various promotional strategies are used, such as direct advertisements, promotions through different media and channels.

PROMOTIONS USED BY COCA COLA

For instance, the company runs video advertisements on the television and on online streaming websites in order to promote the products (Banutu-Gomez and Rohrer, 2012). In addition, like we used the blog, this is also used in order to generate the leads.

For instance, in case of Coca Cola, the process through which the company communicates with its target market would be known as the tactical communication and the particular media that has been utilised can be referred as the tactical communication tool.



For Coca Cola, the following promotional strategies are normally used:

1. Television and Newspaper: In most of its markets, Coca Cola make use of the conventional marketing channels in order to communicate its marketing message to the targeted audience. The objective of these adverts is to strengthen the emotional link with the customers.
2. Sponsorship: By sponsoring various sport events and TV programs, the company also communicates its marketing message to the targeted audience. This is one of the most effective strategies used by Coca Cola.
3. Online and social media advertisement: The innovative channels including online and social media are also utilised by the company; however, their usage is not at a larger scale as of now.

CONCLUSION

The discussion above can be summarised by arguing that the group project was full of learning and new experiences. We got an idea of different communication methods and the challenges that can be faced. A review of the chosen company in this regard reveals that online and social media channels have limited use for promotion purpose. An investment in this regard may enhance the output for the company with lowest possible cost.

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