



COCA-COLA COMPANY

ANALYSIS AND EVALUATION

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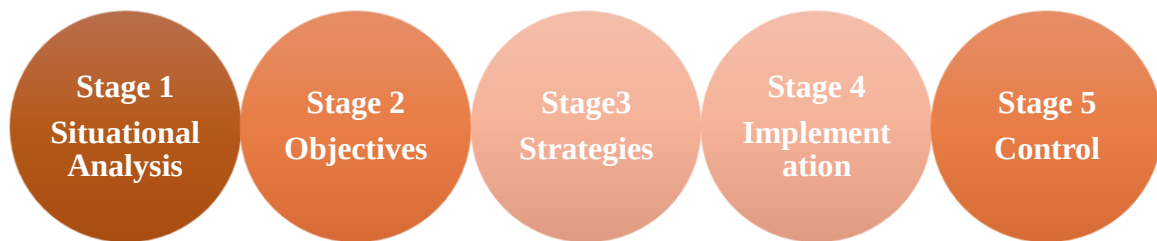
Introduction

Established in 1892 in Atlanta Georgia, the US Coca-Cola Corporation is the largest beverage producer and distributor in the world. The company mainly produces its concentrated Coca-Cola syrup and soft drinks. It is one of the largest corporations in the United States, with over 2,800 products available in over 200 countries. (Banutu-Gomez & Rohrer, 2012; Coca Cola Company, 2016a; Wölflle, 2013)

In 1886, pharmacist John S. Pemberton created a syrup that presented itself as a tonic against the most common diseases. His bookkeeper Frank Robinson chooses the name of the drink by combining the names of the two ingredients of Coca-Cola. In 1891, pharmacist Asa Griggs Kandler acquired full ownership of the business and a year later registered with The Coca-Cola Company. In 1893, the Coca-Cola brand was patented and to this day it is a major and recognizable symbol of the company worldwide. (Kant, Jacks, & Aantjes, 2008; Louis & Lombart, 2010)

Processes and stages of marketing

The company's marketing concept should analysis the needs of its customers and then make decisions to meet those needs that were not better than the competition. This process of marketing concept can be constructed in a series of steps, which presents the following diagram.



Stage 1 shows the position of the company (Where we now?)

Situation analysis is the basis of the marketing plan and is one of the most used methods for gathering and analyzing marketing information. A purpose of this analysis is to describe, by examining internal and external factors, current and future problems as they affect the business. From the data collected during the analysis of the situation, the company acquires a comprehensive understanding of the problems and trends affecting the ability to deliver stakeholder value.

The external environment of the company consists of macro and micro areas with different factors of influence. The macro-environment in which Coca Cola is located is external factors that it cannot control but which influence the strategy, the decisions taken and the results achieved by the organization. (Njanja et al, 2012).

These factors are known as SLEPT or PESTLE factors (Social, Legal, Economic, Political, Technological, Environment) and are focused on demographics, corporate social obligation, and environmental impacts. The microenvironment is external factors influencing the business activities such as market structure, marketing intermediaries, market trends, competition, customers and suppliers. (Pestle Analysis, 2013)



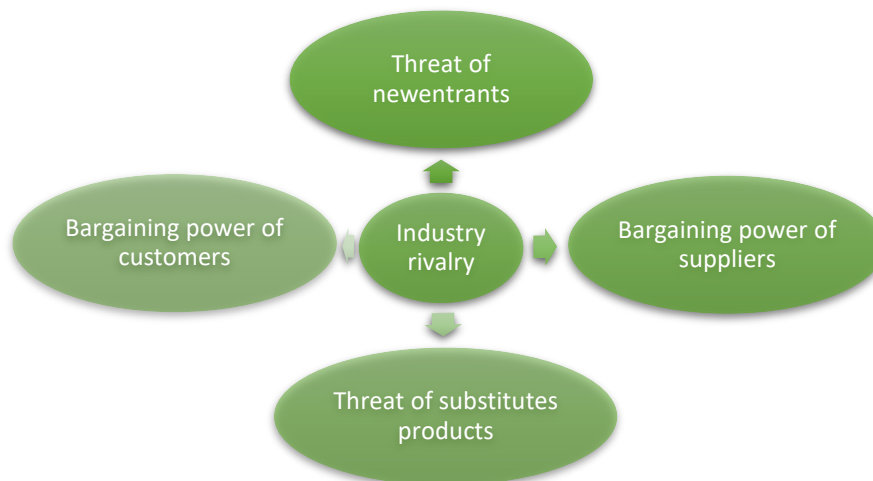
Source: Wider macro-environment, November 1, 2015; Advertising Communication Technology, <https://act201516.wordpress.com/2015/11/01/wider-macro-environment/>

Porter's five forces model works efficiently to identify competitors and how they could reduce a company's ability to generate profits. The model explores five competitive forces: bargaining power of customers, bargaining power of suppliers, the threat of new entrants, threat of substitutes and industry rivalry. (Mihaux & Cadiat, 2015)

In a competitive environment, the power of customer influence depends on their ability to negotiate. This puts pressure on companies to reduce prices, improve quality or provide additional services by taking advantage of various competitors. The customer directly affects the profitability of the market when it affects the price of the product.

Coca-Cola's customers make up a large part of the company's profits and can easily pass between competitors. The products on the market are standardized and identical to those of the competition. In this case, the customer's advantageous power is high and the industry wins less. (Regassa & Corradino, 2011).

The bargaining power of suppliers of the Coca-Cola company is medium, since basic raw materials for production are affordable and relatively inexpensive for manufacturers, and they can easily switch to other suppliers. Suppliers directly influence the industry, negotiating the contract terms between them and the companies they serve, striving constantly for the best prices



It is easy for new companies to enter the market through preliminary vacancy research, delivering high value for new customers. In their quest to gain market share, they influence prices and the course of loss and investment ratings

Coca-Cola was patented at the outset to protect the syrup production technology for the well-known soft drink. This blocks easy access to them and creates some barriers that would be difficult for competitors to cross. Ones of them are the strong brand name and a great reputation and the acquired patent in the protection of the technology for the production of soft drinks. The threat of new entrants to the company is on the medium level and the industry medium profitable. (Regassa & Corradino, 2011).

Substitute products cater to the same consumer needs in a different and modern way, offering other options for an existing product on the market. The cost of producing substitutes is lower and the quality better offered at lower market prices. The production of soft drinks on the market is huge. From coffee and tea to bottling of mineral water and natural juices, more and more companies are in need of attractive advertising and marketing strategies to provide consumers with easy access to their products.

Coca-Cola is gaining competitive advantage and increase its profitability by diversifying its production and introducing new product lines, such as mineral water bottling and natural juices. Costs are significantly lower and consumers can easily choose substitutes. Basically, to the industry, the values are much lower as consumers do not differentiate between products and their quality, the only difference being the marketing strategy and their presentation. (Fahad, 2013).

There are advantages and disadvantages to Porter's five model. The advantages of the model are that it helps the management to evaluate the current competitive environment. It also provides a very good basis for future research and sorting of marketing information needed to build the company's future strategy.

Porter's model only provides momentary information that needs to be periodically updated, otherwise, the company will have old marketing information that makes the model ineffective. The model provides various assumptions about the occurrence of threats and challenges for the company through the study of substitutes. (Mihaux & Cadiat, 2015)

However, it cannot provide you with logical information and a method by which to best take preventative measures, nor to present to you the consequences of a strategic alliance or the sharing of skills and resources.

Organizations need to respond to market forces, understanding the implications and internal culture and ethos of an organization will also be important in structuring a marketing strategy. The five forces influencing the organization are not ranked in order of importance to determine what the company priority will be. (Mihaux & Cadiat, 2015)

Another method used to explore an organizational internal and external environment is SWOT analysis. This analysis shows the internal strengths and weaknesses of the business and its external opportunities and threats. (Sarsby A. 2016)



Source: SWOT Analysis: Bringing Internal and External Factors Together, April 14, 2017.
<https://www.business-to-you.com/swot-analysis/>

One of the **strengths** of Coca Cola is its value and brand identity globally. With the highest market share on the market, the company is among the most valuable companies in the world (about \$ 79.2 billion). The valuation includes the brand equity, the value of multiple factories and assets operating worldwide, and the company's profits.

The global distribution of the company (in 200 countries worldwide) makes the Coca Cola brand an industrial and marketing giant. Well-developed marketing strategies targeting consumers of all ages. Promoting celebrity products directs consumers to the products. Customer loyalty is most pronounced in the preference for soft drinks, Coca-Cola and good taste, which rarely have substitutes. Coca-Cola's distribution network is the largest, thanks to which the company has the largest market share and the demand for the company's products is the most desirable among consumers.

Coca-Cola **threats** are divided into two areas. Water production is a major threat to the company due to the rapid rate of water scarcity. Climate change is leading to a decrease in natural water sources in some regions of different countries in which the company uses for its

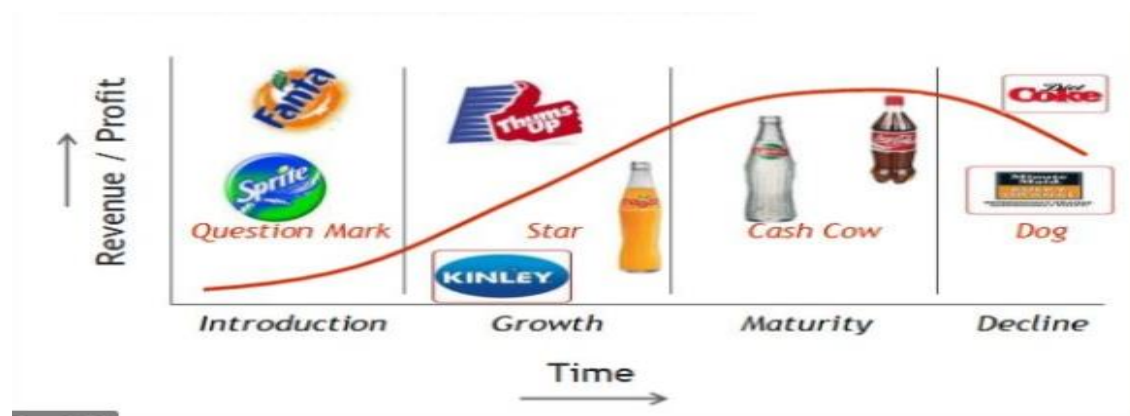
soft drinks to produce. If water use is limited, the company may suffer a severe drop in distribution and a large drop in revenue.

Another source of threat is indirect competitors such as the Starbucks and Costa Coffee coffee-chains, which offer healthy carbonated beverages and thus become competition for Coca-Cola carbonated beverages. Although they do not pose a serious threat to competition, albeit indirectly, these chains affect the soft drink market, where Coca-Cola is a leading marketing giant. (Bhasin H., 2019)

Stage 2 directs us to the **Objectives** of the company (where we want to be?)

The exact result an organization strives to achieve in a given time with the resources available. The strengths of the company help to set goals and make plans to achieve the set goals, taking advantage of marketing opportunities. When a new product is introduced to the market, we can trace its lifecycle into four major stages: introduction, growth, maturation when it loses its relevance, commence sales decline and it ends. (David et.al. 2009)

As the product goes through its cycle, strategies are tailored to match competition, promotion, distribution, pricing, and market information, estimates are made and changes are made if necessary.



Source: BCG product life cycle

<https://www.pinterest.com/pin/668714244648590118/?lp=true>

The introduction is when the product is first introduced to the market, but profits and sales are either very low or nonexistent.

Growth occurs when the sales and the profits begin to increase very rapidly and product demand is high. Then new competitors enter the market.

Maturity is a stage where profits remain stable and product preference will begin to decline.

The decline is the period the profit and sales start to decrease very rapidly.

Coca-Cola is at a mature stage in its life cycle, due to the impact of the market from new competition and a decline in gross profit. (Coca-Cola annual report, 2018)

Stage 3 build a marketing strategy.

Marketing strategy is a method of long-term planning aimed at achieving a stable competitive advantage. The strategy creates a common plan or set of plans designed to achieve long-term goals. A successful marketing strategy will bring profit to the organization and customer satisfaction, thereby increasing brand value and gaining an edge over other competitors. Market segmentation, targeting, and positioning is a basic process in modern marketing strategy. (IOSR Journal, 2018)

Segmentation is the process by which the market is divided and consumers are grouped by similarities in preferences. Each segment that reacts differently to marketing influence will lead to a competitive advantage among others. Overall, market segmentation is about three major variables: geographic, demographic and psychographic (lifestyle).

The geographic segmentation is the most common form of market segmentation in which companies can choose and focus on a limited geographical area according to customer needs. For example, a snowboard company may market its products in mountainous areas with ski runs.

Demographic segmentation is essential when building a marketing strategy. Gender, age, income, education level are the demographic divisions that some companies are targeting. For example, there are brands designed only for women, men or children and the elderly.

Psychographic or lifestyle segmentation based on the variety of consumer attitudes, their values, behaviors, emotions, perceptions, interests, etc., thus revealing their lifestyles. This is a completely legal way for companies to detail the needs of consumers in order to refine products so that they are sought after and to use every day. This kind of strategy is a kind of consumer addiction to certain products that makes their lifestyle easier or more satisfying. (Thomas J., 2017)

The Coca Cola products are successfully integrated into each of the three major market segments. The products are equally sought after in each geographical area, from different consumers, by gender, age, education, and lifestyle. It can be concluded that the company has created universal products that meet the needs and desires of users from different marketing segments.

Target marketing identifies consumers who buy certain products or use certain services. Companies develop specific marketing strategies for these market segments with specific needs. The so-called niche marketing is applied to target ads to specific segment users.(Marketing-schools.org, 2012)

Coca Cola creates a non-alcoholic beverage Car Zero without sugar, thus responding to a specific group of consumers who cannot consume sugar due to illness (diabetics).

Market position, this is how consumers identify and perceive the brand or product relative to other competing brands or products. Coca-Cola's products and brand are highly recognizable and well-appreciated by consumers, which places the company's products and brand as one of the most liked and preferred by the products of its competitors. (Wilkinson J., 2019)

The marketing mix is a marketing concept that uses all the tools available to develop useful methods that aim to generate sales in the target market. All marketing decisions and operations are being taken to guarantee the success of the product or service in the market.

The 4ps model is easy to use as and a convenient decision-making method, include the four components: product, price, place, and promotion. (The marketing mix 2015)

The 4 Ps of the marketing mix



Source: The Marketing Mix: Master the 4 Ps of marketing. 50MINUTES.com

The Coca Cola distribution system is intensive and available everywhere and operates through multiple local channels. The company works with partners who bottle and distribute their products in more than 200 countries around the world. The partners collaborate and work with clients, implementing locally-generated strategies created by the company, selling Coca-Cola products to end-users. (Pratar A.,2019)

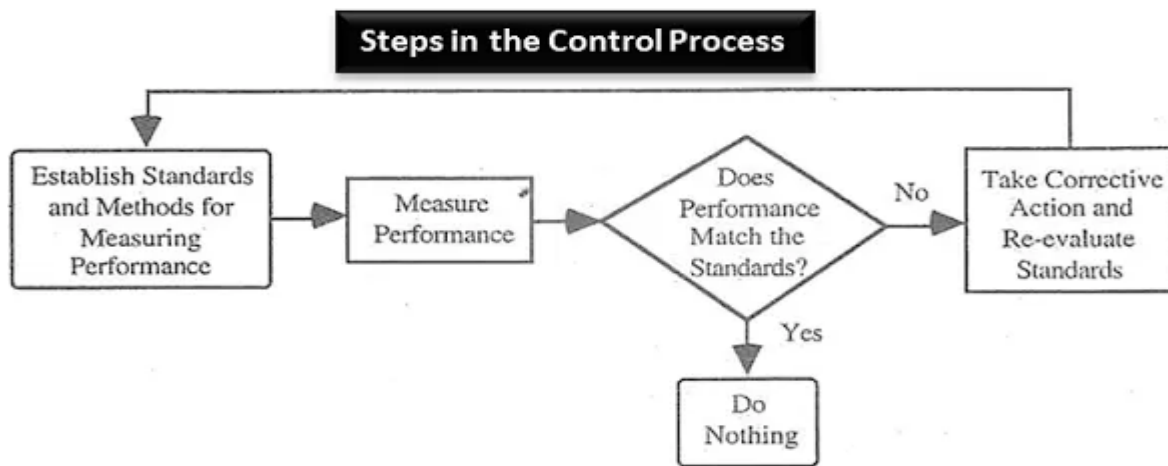
Coca Cola's pricing strategy is designed to increase brand affection. Prices are calculated and formulated so as not to exceed the reach of average consumers but also do not to maintain low levels due to their high quality. As demand for carbonated beverages diminishes, there is intense price competition between Coca Cola and its competitors, so mass product consumers pay lower prices than those who buy single products. (Pratar A., 2019)

Stage 4 introduces the marketing **implementation** process (How we can get there?)

Marketing implementation is the process by which plans and decisions are delivered into implementation in order to achieve the set goals of the organization (Kotler 1997)

Stage 5 is an evaluation stage. **Control** (Has the company achieved its objectives?)

Control is an important part of the management process. A set of practices and procedures used by companies to monitor the execution of their marketing activities to achieve their marketing goals and strategy.



Source: 4 Steps of Control Process are, © 2017. iEduNote™, <https://iedunote.com/control-process-steps>

The role of marketing in creating value for customers

The societal marketing concept

The concept of social marketing maintains that the task of the organization is to determine the needs, desires, and interests of the target markets and to provide the desired satisfaction more effectively and efficiently than competitors in a way that preserves or enhances the well-being of consumers and society.

Advantages of branding

Awareness

Coca-Cola is the most famous brand in the whole world. Even if a foreign language label is used, users will instantly recognize it by the typical red white label. Coca-Cola products are sold worldwide and no matter which geographical area you are located, you will always come across a familiar brand. (Lauren,2019)

Consistency in the Marketplace

One of the most common products on the market is the Coca Cola brand. With its numerous advertisements and its abundance of products throughout its daily life, it is a unique asset for the company, which brings it, numerous loyal customers. The continuous advertising and display of Coca-Cola products are driving more often and more consumers to buy more and more. (Lauren,2019)

Customer loyalty

Coca-Cola provides excellent branding for its products. By serving a variety of marketing segments, the company is gaining more and more loyal customers. Consumers are sure of what they are buying and know what they are actually buying. This trust in end users makes Coca-Cola the most preferred brand in the world. (Lauren, 2019)

The Ansoff matrix

It is another type of strategic plan that helps a company determine its product and market growth. business goals are divided into four squares and identify existing or new products.



Source: <https://thebusinessprofessor.com/knowledge-base/what-is-the-ansoff-matrix/>

Market penetration represents the sale of already existing products or services in the active market in order to obtain a higher market share. This would be successful through methods such as competitive pricing, enhanced marketing communications, or the implementation of a loyal customer strategy. (Richardson, M., & Evans, C. (2

For product development, the company is developing a strategy to create new or improved products and services, to achieve growth in existing markets. In most cases, the product range expands as new product lines enter the existing market.

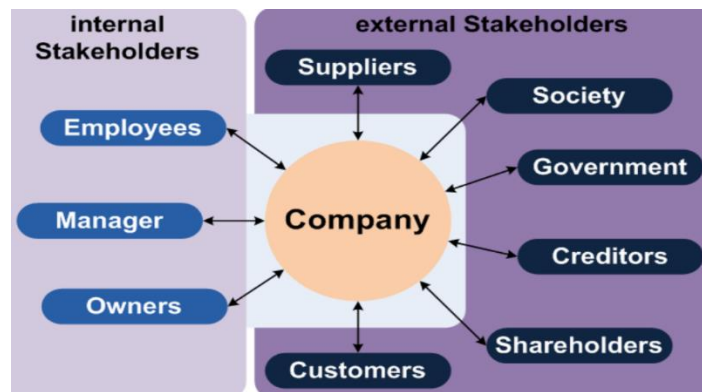
Stakeholder engagement

The company communicates with various types of internal and external stakeholders through annual general meeting, emails, briefings, local website, community meetings

The levels of power of interest are:

In external stakeholders, like CEO, managers, customers, suppliers, competitors the level of power of interest is a High power – high interest. But the other external stakeholders, like Government, the power is high, the interest is low.

In internal stakeholders, like employers, factory workers the power is low, the interest is high.

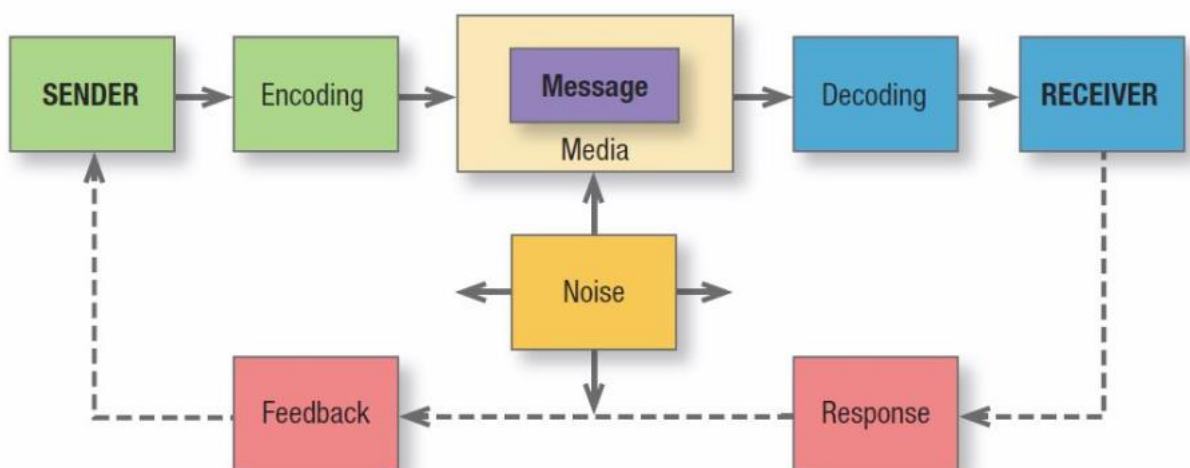


Source: Business Stakeholders: Internal and External,
<https://courses.lumenlearning.com/boundless-accounting/chapter/overview-of-key-elements-of-the-business/>

Reflection

Communication is the process of transmitting information and meaning from one or group to another. The purpose of communication is to convey the meaning of the message. Communication can be interpersonal, from one person to another with direct feedback or impersonal, from one person to many, with indirect feedback. (Guffey M., et al., 2009)

Claude Shannon and Warren Weaver (1949) create a macro model structured into several standard steps to achieve effective communication. This is a basic communication model and is extremely useful.



Source: Marketing Management, by Philip Kotler and Kevin Lane Keller, 15th Edition (Global Edition), Pearson, Chapter 19, page 585.

The Coca-Cola Company mainly uses the media, such as print, banner and television advertising, to directly provide consumers with information about its products. The company uses marketing mix and social media to promote its products. The Coca-Cola company has created a variety of advertising that has a significant impact on society and culture. The result of the aggressive advertising of Coca-Cola has a great impact on the mind and daily life of

the society and is therefore many times ranked first in soft drinks worldwide. An interesting strategy, the company applies among some catering places and cinemas that offer consumers only its products and thus eliminates its competitors directly. (Hartlaub, 2015)

Conclusion

With the largest market share among the non-alcoholic beverage producers in the world, the Coca-Cola company for 115 years is the largest manufacturer whose products are the most preferred worldwide. The Coca Cola brand is widespread and easily recognizable, in over 200 countries, across 6 geographical areas. Numerous loyal customers of all ages, gender, education, lifestyle put the company at the forefront before its competitors, becoming a marketing giant in the market.

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