

INTERNAL AND EXTERNAL ANALYSIS

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Executive Summary

Coca-Cola's worldwide business is profitable, and the firm contains one of the larger distribution channels in the globe. It has activities in two hundred nations and has the barriers to managing external, local market conditions to be suitable in worldwide operations to dominate the beverage sector. Its major external factors are taxations for various nations, increase in the use of social media, corruption, improvement of communication and production technologies, and income growth. On the contrary, in the company, the power of sellers and the power of buyers are low. Company competition is very high while new threats entrant is low. The threat of substitute in the company is high but it is limited in Coca-Cola Company because of the firm portfolio size together with distribution networks. The SWOT analysis depicts the external and internal factors that affects the firm and offers four possible recommendations that the firm must follow. The report recommends that opportunities and strength are the most appropriate to be followed in Coca-Cola Company.

Introduction

Coca-Cola Company is a worldwide beverage firm that has its operations in two hundred nations, and its main rivals are Nestle, Kraft Foods Inc., Unilever, PepsiCo Inc., among other companies. It was among the most valuable firms in 2015. A firm had an operating net profit of 45.998 billion 13 and the operating net was 9.708 billion in the year 2014. 46.7% of the firm revenue is from North America (Holland & Lam, 2014). The product portfolio in the world is as follows: water makes up eleven percent, tea and ready to drink coffee makes up sixteen percent, sparkling makeup twenty-nine percent, juice and juice drinks make up thirty-eight percent, while energy drinks, soft drinks, value-added dairy, and soy make up less than 1% in the market share. These concerns are competing for goods for the respective categories in the globe. The firm spent two hundred and thirty million dollars in 2014 on the advertisement, and its brand value was over seventy-nine billion dollars. Its goods are offered mainly in PET material, representing fifty-seven percent of the overall packaging options.

The main challenge Coca-Cola faces is maintaining its market share with rivals like Pepsi, Pick, and Afia because opponents continue to make healthier drinks with advanced digital marketing promotions driving sustainability practices and online sales growth during a covid-19 pandemic. The environmental analysis in Coca-Cola helps understand the healthy business environment and determine the threats and opportunities in Coca-Cola. All consumer products firms were brought down by this Covid-19 pandemic, and the Coca-Cola Company was among the companies (Dur-Schmid, 2017). The demand slows in the firm, soft drinks enterprise as well as withdrawal in its 2020 guidance has a concern about the development during the Covid-19 pandemic. However, the firm takes all possible measures to curb the pandemic effects and prevent losses. Moreover, its actions to promote funds donation and social distancing to some National Government Organization's to assist the people in require during these times shall elevate the picture as the company responsibility. This paper will discuss the internal and external analysis of Coca-Cola Company during the Covid-19 pandemic.

External Analysis

Five forces analysis

Power of buyers

Buyers in Coca-Cola Company are categorized into large retailers. Therefore, they can command substantial attention as well as bargaining power from the firms in the industry. However, they are easily carried by the most significant players to force the minor players to match their operating margins. Organized buyers in Coca-Cola Company have chained food outlets, institutions, and large retailers (Bryson & Einsweiler, 2019). Contrary, direct customers who have substantial low power are vulnerable to marketing. Bottlers provide price options to the retailers and then sign supply agreements that bind the buyers to certain cost factors and price ranges that bestow much power to the supplier. It helped the company during the covid-19 period because, despite the fluctuating prices of goods, it still maintained its cost because of the agreement between the buyer and supplier.

Power of suppliers

In this company, almost all the goods are available in the market, and certain firms patent various drinks formulations in a way they rely on the suppliers. Suppliers only offer products to the market, and the firms are free to sign agreements with the available suppliers (Dur-Schmid, 2017). Firms that operate in this sector contain low switching prices, and many suppliers provide products at market prices that reflect demand changes. At local markets, wage suppliers may retain some power against the companies. The scenario happens when they are grouped into unions, but they are insignificant in the general supply price and supply options.

Threat of substitutes

Besides drinking soft drinks, customers can decide to drink water-based products, milk products, and other beverages like iced tea and coffee. The substitute's power has been high in this sector for the previous years. During the covid-19 pandemic, Coca-Cola Company has tried to venture into various beverage products and launch some variations in the standard brands like coke zero and coke light (Ekinici & Akyilmaz, 2020). The threat continues to be posed by new entrants'

emergence in the substitutes market that are formulating goods developmental methods and innovating marketing seeking to create awareness of some of the market shares belonging to Coca-Cola products.

The threat of new entrants

Only two brands are known in the worldwide soft drink's markets: Pepsi and Coca-Cola. However, in the markets served by Coca-Cola Company, numerous nation-specific marketing conditions make it easy and complex for start-up firms to enter the sector. Coca-Cola Company has the benefits of a well-formed distribution system and an established franchise system. Coca-Cola Company does not face substantial threats from new competitors (Hill et al., 2016). New competitors must spend billions of money on advertisement and setting up networks to upset existing firms. During the covid-19 pandemic, Coca-Cola Company did not face threats from emerging competitors because it had an already established market.

Industry rivalry

Competition in the soft-drinks sector and other non-alcoholic beverages is relatively high. Despite having fewer players, they are aggressive with product launches and marketing, considering that the firm is at its maturity stage. The growth room is mostly via taking up market share from the other competitors (Maamoun, 2020). Therefore, during the Covid-19 pandemic, Coca-Cola had to work extra hard to retain its customers and attract new customers.

Pestle analysis

Political and economic forces

Governmental changes and civic struggles that affect the accounting standard, taxation, and regulation are the major political factors affecting the Coca-Cola external environment. Its penetration ability and dominating developing and emerging markets are dependent on the company's ability to formulate strategic firm alliances with home bottlers (Olawale, 2020). Issues like the rule of law and corruption impact Coca-Cola's outcomes on its respective markets; they will also affect the acceptability of new technology, distribution network development, and the setting up of production industries. Global expansion in per capita incomes and gross domestic goods about the cost of living elevates the market possibilities in the beverage sector.

Besides, the total economic advancement in firm Coca-Cola markets like North America is also assisting in elevating the firm revenue. Other financial elements like the elevation in the number of bottling and the other activities around the globe result from advancement in economic rivalry in nations where Coca-Cola has operations. COVID 19 has affected the economy of the country at large. For instance, high unemployment rates where most employees in Coca-Cola are used to providing labor for the production process have been minimized, affecting the economic cycle (Hill et al., 2016). The high unemployment rate can lead to increased production prices, leading to increased costs of goods, and later the company can receive less profit. Also, the pandemic has led to a reduction in incomes, subsequently leading to a decrease in the country's tax collection.

Social factors

Coca-Cola puts its efforts on market segmentation alongside demographic dynamics. It contains brands that target the youth group in its former markets. It also includes the classics of the general needs and a method to maintain its heritage and avoid core segment alienation. Cultural factors all over the globe differ and offer several threats and opportunities to Coca-Cola. Nonetheless, the brand has effectively marketed itself as the mandatory food accomplishment and celebratory drink (Siegfried, 2021). Meanwhile, the globe is moving toward a worldwide culture of spending time and eating out in restaurants and other likely formations. During the covid-19 pandemic, Coca-Cola aggressively positioned and marketed its beverages in this area, although few people were going to the restaurants.

Social events recognized worldwide like football helps the company to reach its customers, but during the covid-19 pandemic, things changed. All football games were canceled globally, reducing the number of customers Coca-Cola was receiving from the advertisements. Coca-Cola, in turn, used social media strategies globally as a form of building customer relationships and marketing platforms to sell its products (Olawale, 2020). To counter this challenge, Coca-Cola has focused on efforts of marketing within the USA and anywhere in the world. The mainstream media has also played an essential role in changing the perception of individuals on soda drinks that are said to be having a higher number of calories. The international drive against the people affected by obesity interfered with the choice of the people on food products.

Internationally, soda, beverages, and junk food have declined in sales of late. People have embraced a healthier lifestyle and avoiding anything likely to increase their weight, and soda is not an exception. Coca-Cola has introduced various products having low calories to adapt to necessary changes (Pahl & Richter, 2019). Some social trends like the attitude change towards the brands originating from America or other same issues also have an effect on Coca-Cola. Due to the American bout against Iraq, the revenues were severely reduced in so many countries. Cultural importance as the main factor in global trade has already got recognition by the research. The effect of an enterprise must never be underestimated. The significance of culture can be better understood from the marketing perspective. Coca-Cola has never ignored its importance, mainly on the growing markets. It has come up with a marketing strategy for native needs and their values and a concept referred to as the localization of the brand.

Technological factors

The bottling technology has stayed viral for some years, but the main improvements are mainly in the use of energy in various activities in the company. The combination of environmental green options and communication and speed improvement assists the company in the worldwide beverage sector to reduce cost (Siegfried, 2021). However, technology investment is costly and time-consuming in payoff matters, and it is one of the challenges affecting new entrants. Besides, the company created an online platform during the Covid-19 pandemic for selling goods where every customer can access the products globally. Transportation of Coca-Cola products has been promoted by using the new technology whereby various taxis are used to transport goods from one point to another; this has made the distribution of Coca-Cola products efficient.

Internal analysis

Strengths- Internal Strategic Factors

The Coca-Cola Company brand is the most popular all over the globe because it makes a distinctive identification. Because of this stronger brand on the title, Coca-Cola has been classified as a starting seller in the history of all soft drinks (Pahl & Richter, 2019). Coca-Cola has highly attained a more significant international world gain because all its manufacture does facilitate in more than two-hundred nations today and highly put in place nine million working in one single day of the Company brands. An organization also with a higher success introducing

over five-hundred modern products worldwide, which have been unbalanced each demography as well as lifestyle in the nation's operation.

Weaknesses-Internal Strategic Factors

Pepsi is the number one brand globally nowadays and it with an intensest competition with the Coca-Cola organization. Therefore, Coca-Cola Company must put money into highly towards marketing its beverages and avoid wasting its market shares. Coca-Cola Company also has lower item diversity because it has one leading brand (Pahl & Richter, 2019). Pepsi, its higher competitors, has launched as well as partnered most of its snack products, for example, Lies together with Kurkure. Therefore, the Coca-Cola Company is highly delaying in the area of diversification.

The Coca-Cola Company brand drinks have been highly in consideration as unhealthier because they have carbonate as well as further in consideration as one of the leading origins of high intake of sugar nowadays (Williams, 2012). Higher intake of sugar is the leading origin of obesity as well as diabetes around a globe. Most experts on health have highly cast down soft drinks, which has led to healthy eating globally. However, Coca-Cola Company is at higher risk of wasting its higher number of individuals as well as weakening its name of the brand, which shall lead to the higher decrease in profit.

Opportunities External Strategic Factors

With the ongoing trend of Covid-19 health awareness, Coca-Cola has the chance of bringing everyday items in this area. The introduction of healthy products is likely to improve the revenue as well as strengthen its product name more. Coca-Cola also has a higher chance of improving its presence in the developed countries, which shall see the organization towards its market in existence (Pahl & Richter, 2019). Most growing nations in the Middle East, as well as Africa, have experience in hot weather. Most nations experiencing hot temperatures are the major users of freezes drinks, the increase of perception of the organization's products in these sectors shall improve its recent income.

Threat: External Strategic Factors

In some years back, Coca-Cola highly faced numerous legal issues and criticism on water management practices. Most environmentalists have condemned the company's methods due to high water consumption in areas with little water. Coca-Cola is also faced with various water pollution incidences where there are claims that the firm mixes pesticides with water to eliminate contaminants (Williams, 2012). Coca-Cola also faces indirect and stiff competition from several rivals in today's market. Despite an apparent competition from Pepsi, there are numerous firm rivals like Tropicana, Lipton juices, and Red bull. Therefore, Coca-Cola must keep its guard in maintaining a healthy brand name to prevent elimination from the market.

Water Management

Water is the main component of beverages, and Coca-Cola needs to keep the quality of water. In the old times, Coca-Cola has faced many water management problems concerning the mixing of pesticides or several contaminations in water, which negatively impacted the value of the organization's brand, so it must be careful when handled by the organization (Pahl & Richter, 2019). The scarcity of water is an acute weakness that affects the company's production operations. Water scarcity raises the production cost; therefore, reducing profits and may eventually affect the reputation the company has built in the market.

The company is currently facing shortages in the supply of its raw materials, such as aluminum faulting the production process due to the current Covid-19 pandemic. The firm cannot produce some of its popular items, such as Cherry Coke Zero drink, which is highly marketable (Celik, 2017). The company cannot meet the market demands due to supply issues; therefore, its customers could divert to competitors' products. Agricultural productivity marks the bottom line in the production operations of the Coca-Cola Company. Agricultural products such as sugarcane, corn, citrus, and sugar beets are used to produce Coca-Cola products. A decrease in agricultural productivity during covid-19 caused a reduction in the supply of Coca-Cola products. It negatively affected the company's manufacturing process and its financial state.

Result of Internal Analysis

SWOT analysis recommendations

Strengths Opportunities

In this model, Coca-Cola is making most of the strengths as well as capitalizing on chances. One of the most vital strengths for Coca-Cola is brand recognition as well as valuation around the globe. The organization took up the modern options for modern marketing products during the covid-19 pandemic into the existing marketplace as well as assisted pushing the items with the branding model, already developing market partnership together with programs and its network of distributors (Bryson & Einsweiler, 2019). As the outcome, the organization has been in the entrance on other beverage markets like teas as well as coffee in the package that is ready to drink searching in gaining more shares in the market.

Therefore, it must also combine several strengths, solid corporate culture having been included around its global division and its user loyalty towards increasing its effort in the market to match all the expectations of users and the demands of other markets in the 20th Century. Provided with its stronger cash position as well as higher profits for its world operations, Coca-Cola may purchase rival brands during the covid-19 pandemic as well as aggressively push them to world dominance (Celik, 2017). It may even market the brands in competing under the portfolio to the provided user decision and moves on in taking up a modern market share as it responds to changes in user preferences.

Strength Threats

In the combination model, Coca-Cola is making its potential threat diminish. Coca-Cola is also in a position of using its strengths in overcoming markets threats. Its higher threats are changes in users' taste and a significantly stronger dollar that makes the earning in several markets very weak (Buse, 2012). The organization during Covid-19 established an agile model in its distribution of shifting prices from more robust dollar markets to more vulnerable dollar markets. Besides, it also improved its budget in marketing for the stronger marketing dollar like that it increases its earnings significantly to offset the balanced exchange. Therefore, the organization should limit its financial options to recession periods when the price of loans decreases. It shall

enable it to avoid the higher cost of dollar loans that may arise when interest rates in the United States go up as they recently are. For Coca-Cola, having relying on past models is a convenient method of dealing with a higher value on the dollar. As has been done in the past, the organization may withhold its overseas income and continue relying on the larger market in the U.S to boost its price position to cover short-term price operations.

Weakness Threats

It is a maximization of the model for both threats together with weaknesses. The goal is to utilize efforts that do not expose the organization's weaknesses and also assist it in avoiding weaknesses. It is a survival model for the organization when it is not looking for aggressive development and does not face vital threats (Aaker & Moorman, 2017). The threats here are publicity negative and the undiversified item portfolio. At the same time, weakness is the profit decreasing margins in competition as well as developing market from the most considerable rival Pepsi company items diversification. The organization during the Covid-19 pandemic had to move on with the efforts of aggressive marketing, but only in its already developed market, where the goal was to protect market erosion. It also considered the improvement of its demand for promising items during this period that it has introduced in several marketplaces around the globe. The model is market-specific since the local factors that affect the organization's development vary.

Weaknesses Opportunities

Chances allow the organization to decline its weaknesses. Having a proper distribution as well as an aggressive marketing effort and new partnerships in developing markets may offset the decrease of profit margin. In addition, the developing markets may lo assist the organization in lowering its focus on carbonated drinks (Buse, 2012). The organization during the covid-19 pandemic utilized modern product rebranding and launching efforts for the existing products. It does not have to be suffering an additional impact of publicity negatively. It shall be highly combining modern re-launches with launches as the avenue of management in public relations to cater to publicity negativity that is highly suffered from the past.

Conclusion

Even if the Coca-Cola organization faced primary demand issues as well as exhibited less performance in its finances in most of the geographical regions from 2013 to 2014, the organization still has a higher capability of reversing the situation and getting back the momentum. These are the factors that are said to be unique in availability, franchise networks, unmatched distribution, and a higher affinity towards the brand. Between the most vital chances of boosting the achievements and performance, sustainable development is having an expansion of the brand portfolio towards the availability of healthier items, expansion to modern segments like the at-home carbonation marketplace, and growth of core brands in the developing market. It is highly recommended to make a difference in the sales and marketing strategy according to the kind of markets.

The strategies development region shall be supported through the traditional plan of advertisement as well as solid marketing, given that the measurement of effective performance of the initiative in the marketing place is well. The performance in finance may be increased through the means to have an implementation of an aggressive price-saving procedure. In summary, the Covid-19 pandemic has affected the performance of the Coca-Cola organization performance. The first-quarter performance of 2020 has highly been influenced. In contrast, the organization's profit and sales in the second quarter suffered a downturn because the Covid-19 spread globally and widely to Western nations. Therefore, users can adopt the circumstance and highly had a change in their behavior in a third quarter, and they switch from away-from-home channels to the home channels. As an outcome, the phenomenon has slowly reduced the organization's loss.

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