

Product line extension of coca cola



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BUSTER**

Coca-Cola Company had been with many of fights before it became which now is. Its years begun in 1886 in which a pharmacist of named Atlanta Juan Pemberton raised with a water of the drink, a cane sugar syrup, a caffeine, kola nut and cola leaves extracts. The drink that was found to be nutritious and restoration. Pemberton along with its accountant, frank Robinson sold it to the market. Robinson suggested the appointment of the Coca-Cola drink after his two ingredients and so he was. They called it “ delicious” and “ that it recovered”.

Nevertheless, Pemberton died in 1888 with its gains that only ascended to \$50. It sold to his company to Handle Candler, druggist to by greater of Atlanta for the cost of \$2. 300. In 1892, Candler and its brother, Juan, frank Robinson and his two colleagues established Coca-Cola Company.

Further to do his drink known public, it passed \$11, 000 of 1892 for the posters of the drink, murals and distributed the aviators who can be seen in most of the markets.

The company established his first plant of the drink in Dallas, Roofing tiles. The drink was then first in bottle by a bottling company in Vicksburg, Mississippi. A year later, was sold the country throughout.

Two lawyers named to youngest child Thomas and Jose Whitehead from Chattanooga, Tennessee bought the rights of distribution of the syrup of the coke of the company in 1899. More ahead, both they divide due to the differences in time and to the money. Thomas had the rights for the Northeast coast and of the West whereas Whitehead supervised the territories of the Southeastern, the Southwest and the near west.

The drink had its first curved contour of the bottle in 1915 based on the one form of the cocaine. Candler retired of its work and passed its rights to its children. He made mayor of Atlanta in 1916.

Ernest Woodruff of Columbus, Georgia bought to company in 1919 worthy of \$25 million. His son, Robert made the president of the company. Robert spent more time than he investigated on the commercialization the drink that the manufacture he. Two mottos were added under their term: “ The Pause that Refreshes” and “ It’s the Real Thing”. Since then, Coca-Cola grew until it became which was known today.

Product line Extension

A line of products extension is the use of the mark of a product established for a new article in the same category of the product.

The line extensions happens when a company introduces additional articles in the same category of the product under same mark as new flavors, forms, colors, the added, so large ingredients of the package.

Marketing Plan for Product Line Extension of Coca Cola

The company of the base of the company of Coca-Cola is to benefit and to recover each one that reaches. Founded on 1886, we are the main, selling manufacturer, and distributor of the world of the concentrated ones and the syrups without alcohol of the drink, that are used to produce almost 400 trade names of the drink which they compensate wide list. The corporative headquarters settle down in Atlanta, and we are celebrating local operations inside on 200 countries around the world. The activities cover all the sectors with the industry of drinks. It is the second main functional drink player and <https://assignbuster.com/product-line-extension-of-coca-cola/>

Asian of the specialty, whereas the number that aligns one in the value for ready-to-drinks the sector of the tea.

The “ Bubble Buzz” will be a drink in bottle and will be placed as the only one ready-to-drinks the product of the tea of the bubble available in the market. The drink will have a green base of the tea with the heightened flavors of the fruit (fruit, mills and passion lime) as well as per them of the tropical. It will bring an experience that drinks entirely only its consumers. One will appear like cowardly and unusual alternative to the traditional tea whereas it provides the great taste of the authentic juice of fruit in attractive and advisable packing. The strategic paper of the humming of the bubble for the Coca-Cola Company is centered on three objectives:

- In order to remain in the vanguard like the leader of market in innovating product introductions and guessed right product launchings;
- In order to consolidate and to satisfy the necessities with the consumers more adventurers of the generation and with a new product eye-catching and functional;
- In order to make the leader of market in the functional segment of drinks with the increasing quotas of market.

Situation Analysis

INDUSTRY ANALYSIS

Consumption: The volume of sales for the functional segment of drinks in Canada it has reached \$342. 2 million in 2004 after a volume of 125. 9 million liters. This segment of the product has demonstrated a constant

growth from 1999: an increase of 13.5% during 6 years. The tariff of the consumption per capita in 2004 has reached 3.94 liters, that a compared increase 4.0% represents in 1999. The growth of this particular market is to a great extent due to a slow change in tendencies of the consumer.

Trends: With early years 60, the nonalcoholic drinks were synonymous with the “ colas” in the mind of consumers. In the years 80 and years 90, nevertheless, other drinks (of the water in bottle to the tea) got to be more popular. Coca-Cola and Pepsi responded extending their offerings with alliances (e. g. Coke and Nestea) and acquisitions (e. g. Coke and Minute Maid), but also being centered efforts in the diversification of the list. Today, whereas the value of the industry of the smooth drink has increased of 2004, the sales of volume of carbonic nonalcoholic drinks have declined due to a great proportion of the consumers who are deciding on the tendency towards healthier alternatives in the functional segment of the drink (the drinks, the smoothies, milk and the juice of the energy drinks, drunk of the sports) as well as the juice and the water in bottle.

They have contracted the companies actively to new product progresses to contradict the preoccupations every greater time by negative impacts of the health of drinks of high degree of fruitful, but also to increase the demand in a market where the offerings of the product are being matured quickly. The new introductions of the flavor and the health-conscious formulations have been sent in an attempt to compensate the declination in carbonic sales of the smooth drink. One hopes that the functional market demonstrates maintained years of the interest of the growth and the consumer in the

future whereas the consumption changes of position to products to trendier more, healthier and more falsified.

Profitability & future growth potential: In 1993, the producers of the concentrated one gained to 29% benefits before taxes in their sales, whereas the embotelladores gained benefits of 9% in their sales, for the beneficial total of the industry of 14%. Whereas the functional sector of drinks explains only 3.7% of the total sales of nonalcoholic drinks in 2004, the estimations are foretelling a growth of 7.3% in sales and 11.0% in the consumption of the volume before 2009.

SWOT ANALYSIS

Strengths

Brand strength

Coca-Cola Company is the greatest manufacturer, distributor and the salesman of the concentrated ones and syrups without alcohol of the drink in the world. The trade name of Coca-Cola is unarguably one of the reconocibles trade names of the 200 countries in where it sells his products. The strong mark is one of the base for the competitive advantage of the company in several of its markets of the base.

Effective strides in new markets

Coca-Cola has partnered with several companies (such as company at risk shared with Nestle) to increase the capacity to react to the demands and the changes in the markets of the tea, the coffee and the frozen juice. The markets that become are more complex than carbonic nonalcoholic drinks.

Results of operations

In 2004, the yields of network-operation added approximately \$21. 9 billion, an increase of 8%

as of 2002. The gross benefit added \$14. 3 billion of 2004. The company heavy generated \$5. 968 million its activities of operation and reinvierte in its business. The capacity to generate liquidity flows significant is one of its dominant forces.

Strong existing distribution channels

Coca-Cola have operations everywhere and are established in their channels of distribution (such as retailers of the warehouse or machines of sale).

Therefore, a new product launching can trust typically the existing system of the distribution to reach to most of its market of target whereas the delivery does not require any important progress of supply / delivery.

Weaknesses

Relying upon line extensions

Extensions is to trust sales of the increase of the extensions of trade name in the specific lines, particularly its carbonic products of long term of the smooth drink (that is to say. the introduction of the coke of helped vanilla to maintain the sales for drinks of the tail of the base). Nevertheless, there is a strong risk to recover the usable pieces existing sales to the long term (for example, the tea of the bubble could dissuade in the sales for the frozen tea).

Reliant upon particular carbonated drinks

The presence of long term of the drink of the coke of Coca-Cola has established this particular line like product of the ship standard. Whereas the products of the coke of the base bring a solid base of sales and loyalty to the company, expectations of the consumers las' also anchor more and more and single-they are aligned, clearing the freedom in the areas of the line diversification and the product modifications (taste, packed, price).

Brand dilution

The enormous amount of existing new product and trade names that were introduced by the company could diminish the value and forces distinguishing of each product that is being manufactured.

Entrance into difficult non-core categories

Coca-Cola Company is a truly global multinational giant of the business. Whereas some product categories are distributed in many areas of the globe (coke, Powerade, etc.), the geographic necessities require since these global trade names are adapted heavy to their region of the target. In addition, many lines of smaller and diversified products are more or less popular in a particular region on another one. Therefore, the process to diversify to the production and the commercialization each product implies expensive investments. These requirements of capital increase typically whereas the product focuses heavy (for example, since the trade name of Coca-Cola is world-wide highly reconocible, the commercialization a coke bottle in Japan would be less difficult that the commercialization to the bottle of " Qoo" in

which he himself country – “ Qoo” that is a drink nongasified less well-known than was one of the newest introduction of the trade name of Coca-Cola in 1999).

Saturation of carbonated soft drink segment

Due to the countless number of the trade names available in the market, more and more gets to be difficult in the segment of nonalcoholic drinks to innovate and to create the new products that genuine are stopped towards outside their competition. And like we have seen, an analysis of the industry has demonstrated that the growth in the market of nonalcoholic drinks gets to be difficult and desafiador when the conditions and the tendencies of the consumer cause a demand of the market that remains suspended.

Opportunities

New product introductions

The functional market of drinks are one that allows particularly more opportunities of the innovation and gives the greater freedom for the creativity in the design, production, manufacture, distribution, promotion and the options and the processes selling to by minor.

Brand is attractive to global partners

Due to the size of the company (value including, marks and the yields of operation) and the wide base of the list, Coca-Cola enjoys a spending power hard on its jets, and also e. g. attracts great societies with the several levels of the reach of the consumer (Burger King, promotions of the study of the film, agreements of the sponsorship, etc.). The knowledge of existing trade

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name also provides a field that plays international for the long-range strategies of the commercialization.

Threats

Strong competition

Coca-Cola is competing in a global market that is characterized by oligopoly between several (but little in numbers) competing. The fight for the quotas and the sales of market in tight markets becomes complex.

Potential health issues

The present tendency of the consumer and the consumers agrupan' knowledge towards merchandise and the services are beneficial and threatening for the companies in the sector of nutritional products and drinks. On the last years, the excessive editions of the health of the preoccupations have risen in means with to have extended and the network every greater time of the " knowledge makes leave" (the newspapers, the TV channels, Internet and so on). The movement of the youngest generation towards one more a healthier call of the form of life for the planning and the careful decision making in new product progresses. The big companies can also make easily the white apprehension of consumes'.

Free trade

In an era of globalization, the great international competitors can leave with the comparative advantages (the constant fight to continue being the first motor and leader of market in a long term phantom). The editions appear when taking care of the competition of the price and the economic

development. The commercial organizations also take control in front of the public pressure that can interrupt operations in or more areas of the company.

COMPETITION

The superior competitors of Coca-Cola for the industry of nonalcoholic drinks are PepsiCo (31.6%) and Cadbury-Schweppes (15.8% of the market), that combined, represents near 48% of the total market. Coca-Cola is leading with 43.7% of the total market of nonalcoholic drinks. In the functional sector of drinks, PepsiCo is the leader of present market with 60.5% of the quotas of market in 2004. Coca-Cola Co is secondly with 32.8%. The Bubble Buzz will send in a unserved at the moment the subgroup of that market (RTD “ Ready-TO-Drink” tea of the bubble), that until this moment unexisting. It is anticipated that the following trade names could potentially compete with Bubble Buzz in the functional market of drinks: Energetic, Lipton froze the tea, Sobe (had by PepsiCo), as well as Snapple and the hawaiano sacador (had by Cadbury/Schweppes). The Bubble Buzz also creates a potential situation for the cannibalism with Coca-Cola very has other functional drink and trade names of the frozen tea.

The present tea becomes fragments of the bubble of the fortraditional of the market, since the distribution restricts to the local plugs and the points of sale such as accountants and small tea of the bubble make purchases in locations dispersed through Canada.

Nevertheless, the direct competition of these local players is not anticipated, from the commercialization roll-towards outside it will accentuate initially in

knowledge of the product and both channels of sales do not reach nor serve the himself market (that sells to by minor against accountant/the restoration). A strong system of the distribution exists or with Coca-Cola, since the societies and the channels are or in place. This will facilitate the reach of the product in its market of target.

Barriers to entry:

- Due to the number of competitors, it will be hard to prevent behavior with imitation

(Specially of PepsiCo)

- Risk of the competition with the private labels that emerge (e. g. Choice of president)

- Given the ample range of the trade names (saturation in the market of the smooth drink), one becomes a challenge so that the humming of the bubble is stopped towards outside

- To produce tea in bottle of the bubble requires the investments of important capitals for the specific necessities of the chain of the manufacture (of the ingredients to the specifications of packed final)

- The campaign of the commercialization to do this trade name not known popular requires more promotional expenses that an extension of traditional trade name.

Target Market

Segment identification: RTD (Ready-to-it drinks) bottled tea of the bubble, to be established within the functional sector of drinks.

Segment needs: The product will supply to the necessities and social of the necessities of the calorie of both physiology (hydrating and nutritional value) (opinion of a social drink, of the diversion with a sense to belong within groups of the consumer of the pair).

Segment trends: The present tendencies include a change far from foods of the scrap iron and the drinks carbonated, an interest every greater time for beneficial healthier products/for the “ mind and body”, the tendency towards the availability of in the products for those with a form of active life, as well as the tendency for the personalización with the adjustment for particular requirements go (or for drinks, with variety-looking for in a wide introduction of flavors).

Segment growth potential: The statistical information anticipate a growth of the segment of excessive the 1. 72% 9 next years (2015) for the 10-29 years.

Positioning strategy

The only tea in bottle RTD of the bubble available. The cowardly bottle and eye-catching, the functional packed one, the experience that drink superior-appraised, fresh, new and unusual, unique, the aspects of the game (to per them of the tapioca, colored straw of great size), the variety of flavors, candy, recovering, for the hip and young people, a healthier alternative to the heavy-sugar drinks.

Marketing Objectives

The objectives of the plan of the commercialization are centered strategic around 3 criteria: in order to create a strong knowledge of the consumer towards a totally new product of the tea of the bubble of Coca-Cola, to establish a recognition of ample trade name with the capture of the quotas of market in the functional segment of drinks, and to make the leader of superior market in that particular segment within the foretold sales it calculates.

Marketing Program

Product Strategy

The core :. The drink of the tea of the bubble in pre-existing bottling, ready-to-drinks format.

The Actual Product

Packaging and labeling:

Branding: colorful, the aspect of the game, formed, prominent standard round of the Bubble Buzz written in the modern source, catchphrases for example “ Thinks outside The bubble” and “ Get Your Buzz”.

Trade name: Bubble Buzz™ , a Coca-Cola product

Brand personality: cowardly, fresh, functional, original, amused, healthy energy, etc.

Brand equity: Coca-Cola provides a reputation of the quality, constant, accessible innovator and of the smooth drink.

Augmented product: Nutritional information, state (drunk social), characteristics that promote the Web site, subsidy by disease of a green base of the tea.

Marketing considerations

Product life cycle: The Bubble Buzz is a product under-that learns. With a strong campaign of the commercialization, the “ sales will to immediately begin and the advantages of the purchase are understood easily”. Since the Bubble Buzz is prone imitation of the product, the strategy of Coca-Cola is to quickly widen the distribution that is at the moment feasible thanks to the high capacity of manufacture of the company.

Product class: Food & beverage- Soft Drinks- Functional Drinks

Bubble Buzz follows the practice of product modification: Coca-Cola is introducing an existing drink (tea of the bubble) but redefines the drink with a new one, more advisable package. The tea of the bubble now will become a drink extensively available in the multiple that sells to by minor the channels (of the distribution).

Price Strategy

The strategy of the price that will be undertaken must consider the aspects following:

1. Demand of consumer
2. The service life of product
3. The demand of potential Customer demand

Customer demand

Client of the substitutes is a crucial factor that is lead by the taste, the rent and the availability of others the similar products in a diverse price (mentioned more ahead in the potential it replaces the section). For many of consumers, the value and the price highly are related: " the higher the price, the higher the value" Therefore, the intention of Coca-Cola to place Bubble Buzz like unique, innovating and attractive product gives certain control him on price of the Bubble Buzz. To be able to put the appraisal in execution above nevertheless, the minimization of the nonmonetary costs to the clients must also be along with includes the knowledge of the product (remarkably announcing) and values (the advantages).

The Product Lifecycle

The company must also take to advantage the fact that newer it is the product and previous inside its service life upper the price can be generally. It assures a margin benefit of the overflow whereas adopters early buy the product and the company/signature tries to recover costs of the development quickly and also it brings certain prestige to the product.

Potential substitutes

Coca-Cola is forced by the monopolistic market in which he competes. The basic characteristics nevertheless are product differentiation.

Promotion Strategy

Objectives:

In order to initiate strong knowledge on the launching of the bubble it makes fun of to transverse of consumers of the generation and (10-29 years) as well as its parents.

In order to gain the quotas of market on our superior functional competitor of drinks, PepsiCo.

Message:

The promotional exits will transport the clear message that the “ Bubble Buzz is a healthy

Drink for sporty and young people who simply enjoy taking care of their body and life.”

Concepts:

- “ Think outside the bubble”: BeBold, BeOriginal, BeDifferent, BeYourself.
- “ A good spirit in a good body.”
- “ For the out-of-the-ordinary individuals who like to challenge themselves.”

Media selection:

Before choosing the appropriate averages, it is important to observe that the consumers of the generation and give only the partial attention to means. Nevertheless, they can be reached with integrated programs. They are using typically average of more than a communication simultaneously; a behavior that often is called the “ works multiple”. This group of consumers does not

give his complete attention to a single message, but the continuous partial attention uses something to explore means. The salesmen can immovable communicate with the generation and using a variety of pointed promotional tools. Another tactics important to reach our market of target are with the viral commercialization” or of the “ Buzz” “, that Coca-Cola will use heavy in this campaign (campus, competitions).

Promotional Mix:

Consumer oriented:

- Competitions: “ Win another Bubble Buzz flavour”, “ Uncover a secret code underneath the bottle cap and win sporting goods and electronics by logging on the website”, “ Win a trip and tickets and hotel package for west indies “.
- Samples: distributed in supermarkets, school/universities. The samples are a way to avoid resistance of the product since they do not use people to find bubbles in his drinks.
- Discussions: It will animate purchases of the new product and represents little dangerous for the consumers since he obtains it for free. They do not have anything to loosen trying it.
- Point – of the purchase: in supermarkets (to reach to the parents of the generation and). Discussions: It is also means to increase test of the product and provides a good visibility of the product.
- Others: To subsequent years, it hooks to the positioning of the product in demonstrations or films of the TV.

Trade oriented

- Permissions and discounts: permission of the case
- Cooperative publicity: in order to animate to retailers who buy our product and maintain ours of high level of the announcement that the consumers hope of Coca-Cola.

Other considerations

- Scheduling of the publicity: Programming of the pulse (it is present at promotional throughout all the year, but accentuated and intensified before and during of summer).

- IMC (integrated marketing communication)

- Intermediary: the personal sale will be more of frequent use
- Last consumer: Coca-Cola will use more of medioses of communication because the amount of potential buyers is great.

Target Audience

- Intermediary: the personal sale will be more of frequent use
- Ultimate consumer: Coca-Cola will use more of medioses of communication because the amount of potential buyers is great.

Place (Distribution Strategy)

The Bubble Buzz will be distributed through these channels: supermarkets, warehouses of convenience, independent warehouses of the food, multiple warehouses of discount, multiple grocers, direct machines of sale, sales.

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Contribution of Advertisement

The strategy of the development of the trade name of Coca-Cola has been of great spread and has handled to remain in the calcium light since then felt well to a favorite with the drinkers without alcohol.

One has noticed that the loyalty of trade name is an important factor in holding the position of number one. The article down suggests the several techniques of the building of the trade name of the company.

Founded in 1886, the Coca-Cola Company enjoys the state of being one of the bigger companies without alcohol of the drink of the world. It has a system of the distribution that makes only of the rest of the manufacturers without alcohol of the drink. Over the years, Coca-Cola has passed several tests of the enhancement of the trade name and the company does a point to him that the products underneath the Coca-Cola of the flag continue invading the minds of the consumers.

The strategy of the development of the trade name of Coca-Cola included the readjustment of its policies and techniques of development of the trade name to continue with mindset that it changed of his consumers. Previous, this trade name believed in the following one:

- Produce the capacity
- Availability
- The acceptability

Nevertheless, this strategy of the development of the trade name of Coca-Cola was re worked to tension in the following one instead of another one:

- Value of the price
- Preference
- “ Penetrating Penetration”.

The essence of the building of the trade name of the company lies in the fact that it wanted that the accessibility of its consumer was “ within the reach of an arm of desire”. In an attempt test to be constructed its identity of the trade name, so much as 20 qualities of trade name each participation of the month so much as 4000 clients. The strategy of the development of the trade name of Coca-Cola is effective since it has been able to construct, handles as well as it maintains his image of trade name from yesteryears.

Learning Outcomes

When establishing is rebirthed marketing plan every aspect of the marketing plan must be critically examined and thoroughly researched. This consists of examining of study of markets, reviewing of the business and the present situation (situation analysis) and carefully scrutinising of the industry and the possibilities of the smooth drink of Coca-Cola in the market. Once Coca-Cola has carefully acclimates internal and external of analysedthe of business and critically examined the industry in general who the most advisable strategies of the commercialization will be selected and these strategies will be administered close with effectiveness and continuously supervising to outer

threats and opportunities and reviewing internal procedures of the effectiveness.

Internal Business Environment

The atmosphere of internal business and its influence is the one that is until certain point within the control of the business. The main qualities in the internal atmosphere include effectiveness in the production process, through abilities of management and effective communication channels. In order to control and to supervise with effectiveness the atmosphere of internal business, the coke must lead the continuous valuations of the operations of business and of acting easily on any factor, that they cause inefficiencies in any phase of the production and the process of the consumer.

External Business Environment

The atmosphere of external business and its influences is generally the long-range forces that can affect a whole industry and, in fact, a whole economy. The changes in the external atmosphere will create opportunities or the threats in the Coca-Cola of the market must be found out dull. The fluctuations in the economy, the attitudes and the values of the client that they change, and the demographic patterns heavy influence the success of products of the tail of Coke in the market and the reception that receive from the consumers.

Developing the Marketing Mix

The mixture of the commercialization is probably the most crucial stage of the process of the planning of the commercialization. Here it is where the tactics of the commercialization for each product are determined. The

mixture of the commercialization refers the combination of the four factors (price, promotion, product, and place) that compose the base of the strategy of the commercialization of a business. In this passage of the process of the planning of the commercialization, the mixture of the commercialization is due to design to satisfy wishes of target markets and reaches the objectives of the commercialization. The guessed right businesses more have supervised and changed continuously their mixture of the commercialization due to respective the internal and external factors and have supervised the atmosphere of external business to maximize their components of the mixture of the commercialization.

The Product

Many products are the physical objects that you can have and to take. But the product of the word means much more than hardly physical merchandise. In the commercialization, the product also refers services, such as holidays or a film, where you enjoy the advantages without having the result of the service.

The businesses must think of products about three diverse levels that are the product of the base, the real product and the increased product. The product of the base is what it is buying the consumer really and the advantages he gives. The clients of Coca-Cola are buying an ample nonalcoholic drink range. The real product is the pieces and the characteristics that give the product of the base. The consumers will buy the product of the coke due to the greater levels and the high quality of products of Coca-Cola. The increased product is the additional advantages and services of the consumer provided the clients. Since the nonalcoholic drinks

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are good consumable, the increased level very is limited. But Coca-Cola offers a line of the aid and a telephone service of the complaint for the clients who are not satisfied with the pr