

Advertising and promotion – assignment



**ASSIGN
BUSTER**

The Coca Cola Company is the world's largest drinks company, controlling more than half the global soft drinks market. Its principal brand is, of course, Coca Cola itself, the single most valuable brand in the world, with an estimated value of \$68. 9 billion for 2000 and actual sales of over \$15 billion. However, the company also owns almost 240 other soft drinks ranging from spin-offs like Cherry Coke and Sprite to bottled water and Iced Coffee. Recently the company has found its sheer size working against it.

Competition authorities watch the company's every move, while market saturation and economic downturn in emerging territories has caused their sales to plateau. This may be due to worldwide consumers developing a taste for other beverages. Coke initiated a painful restructuring and then launched its biggest-ever marketing campaign in May 2001, with a new emphasis on local markets instead of global uniformity. 'Advertising Age' estimates a global media spend of \$1. 6 billion in 2000, of which \$1. 2 billion was outside the United States of America, making it the world's sixth largest advertiser.

In 2001, Coca Cola connected with people around the world on over 250 billion occasions. This means that someone chose a Coca Cola - diet, light or classic, with cherry or lemon, with or without caffeine - nearly half a million times every minute of every day. Through innovations in the marketing and packaging of Coca Cola, the global brand is growing in key markets and strengthening its relationship with more people. In the year 2001, Coca Cola's marketing programs have forged new bonds with consumers everywhere.

Coca Cola are very clever with their advertising, in that each advert is designed to stimulate their customer's response. Coca Cola design their marketing programs around the world in order to tap into their consumers' emotional connections with their brand, and especially with soccer, the world's favourite sport. In 2001, Coca Cola became the official sponsor of the Chinese national football team as it sought qualification for the World Cup Finals. With a television audience of 150 million for the first match, Coca Cola organised a live telecast performance of an instantly popular song that became widely regarded as the "Team China Anthem".

In October, when China qualified for the Finals, Coca Cola honoured the athletes and celebrated with Team China promotions. Now, on a much grander scale, Coca Cola are now a major sponsor for the coming World Cup Finals to be held in Japan / Korea this summer. Far closer to home, keeping in with the theme of football, Coca Cola are the sponsor of ITV1's, 'The Premiership'. In the United Kingdom at the moment, Coca Cola are running a competition to win VIP tickets to the 2006 FIFA World Cup Final. A name of a footballing nation is printed on the back of a ring pull, and if that nation wins the 2002 World Cup Final, you win tickets to the next World Cup.

With the release of the first Harry Potter movie, Coca Cola activated a multi-year partnership with Warner Bros Pictures. Marketing programs were created in 43 countries worldwide to build on the renewed interest in reading, undoubtedly inspired by the Harry Potter novels, in the United Kingdom alone, over one million books have been donated to the Valued Youth reading and tutoring scheme. To coincide with the movie, Coca Cola initiated marketing programs involving well over one billion promotional

packages in several key markets. The phenomenal success of the movie and Coca Cola's campaign accelerated growth for Coca Cola in North America, in particular. Coca Cola have also used the Internet to create programs that emotionally resonated with their customers.

During 2001, teens throughout Great Britain participated in both the " Real Coke Rush", an online auction which involved bidding online for items using Coca Cola ring pulls and labels as the currency, and also the " Music4You" promotion with The Sun and News of the World. As with the " Real Coke Rush", ring pulls and bottle labels were used as the currency, along with tokens from The Sun and News of the World newspapers, to buy music associated items ranging from posters of pop stars to electric guitars and music lessons.

Other promotional campaigns held by Coca Cola include last years Summer of Fun that involved winning prizes of music food and activities to do with your friends. The Coca Cola 777 Cheer Squad is another of this year's promotions, over in the United States of America and also '\$5 million worth of stuff just a text message away'. Coca Cola are also the main sponsor for the *NSYNC Challenge For The Children Foundation.

Then, of course, Coca Cola have their fantastic range of television commercials

Just as the marketing created deeper relationships with consumers, their innovations in packaging responded to changing lifestyles and tastes. In key markets, Coca Cola created new packaging sizes to satisfy customer demands. Increasingly, it seems, many families have lunch together at

home. The average family household drinks two-and-a-half litres, or more, soft drinks during that time.

However, at this time, a 2-litre bottle was the largest available to the market. Coca Cola introduced a convenient 2.5-litre bottle to select regions, including Mexico who is the main contributor to the sale of nearly 1.5 billion unit cases of Coca Cola in 2001. The larger bottle will be introduced to more countries in 2002. Advertising has just begun for the 'more convenient' bottle in the United Kingdom. In China, Coca Cola is an integral part of holiday celebrations. Coca Cola increased their two largest bottle sizes during China's 2001 holidays, and festival packaging led to a 6% increase in sales for Coca Cola.

This year, Coca Cola have given diet Coke a new twist in two key markets. In Northern Ireland, where diet Coke consumption is the highest per capita in the world, and in the Republic of Ireland, a new 500ml silver bottle has been launched. This promotion had managed to increase sales of that size by 40% and diet Coke overall by 14% during March and April.

In the United States, recognising that consumers often enjoy a slice of lemon with their diet Coke, Coca Cola have now bottled the concept. This resulted in diet Coke with lemon in a bottle, and a volume growth of 4% for the number one soft drink in North America: diet Coke.

Below-the-line promotions can be defined as being all 'non-media promotion', or 'the supplementary selling activity which co-ordinates personal selling and advertising into an effective persuasive force. However, this 'line' is an artificial concept, which was originally used by advertising

agencies to distinguish between promotional expenditures that were commissionable and those that were not. However, definitions of below the line have assumed a strong contrast, since many promotions are dependant on above-the-line promotions such as media advertising, for example, if Coca Cola have reduced offers, national press advertising usually backs these offers. Below the line techniques can include anything apart from direct advertising. They can also be referred to as the 'pull', or consumer incentives. Below is a list of 'pull' techniques that are often used by Coca Cola:

- * Price reductions, usually initiated by the retailer in the form of store price cuts
- * Coupons
- * Consumer competitions
- * Merchandising and point-of-sale displays, and advertising in the stores
- * Packaging
- * Sponsorship
- * Purchase privilege plans (buy one, get one free)
- * Banded (i. e. banded together) and twin packs

There has been a tremendous growth in expenditure on these consumer incentives; to such a level that expenditure in the UK today exceeds that of above the line. Several factors have contributed to the growth in the use of

sales promotions. For example, promotion is now more accepted by management as an effective sales tool; more marketing managers are qualified and have experience of using sales promotions, and store managers are under increasing pressure to increase their sales in what has been a difficult economic and marketing environment.

When a company, like Coca Cola, are trying to decide whether or not to use sales promotion, they must:

1. Determine, in order of priority, the problems faced by the product/brand.
2. Determine the money available to solve these problems.
3. List and cost all the possible alternative solutions to the problem.
4. Estimate the effectiveness of each solution.
5. If the answers to 3 and 4 suggest that a promotion is the most efficient answer to the problem, and if there is enough money available in 2, then a promotion is indicated. The marketer then needs to plan, implement and control the promotional campaign.

As you would expect, the starting-point in planning a sales promotion for Coca Cola, is the identification of the target market and the specific objectives that the sales promotion is intended to achieve. Basically, sales promotion objectives come from the basic marketing communication objectives for the brand. The specific objectives will vary depending on the type of market and the position of the product. The sales promotion can be aimed at any of the following:

* The Consumers

- o Announce a new product
- o Encourage product trial
- o Encourage greater use
- o Stimulate purchase of larger size
- o Attract non-users
- o Encourage brand switching

* The 'trade' (retailers, wholesalers, distributors, etc)

- o Encourage stocking
- o Increase inventory levels
- o Encourage off-peak buying
- o Promote related products
- o Offset competitive marketing
- o Open up new outlets
- o Build retailer loyalty

* The salesforce

- o Build display

- o Increase order size

- o Increase shelf space utilization

Obviously it is important to set realistic objectives for any sales promotion; and, although objectives should be simple and clear, it is possible to include both consumer trade and sales force objectives. I believe that Coca Cola should aim to increase sales by x % during a sweepstake promotion period by obtaining special promotion related off-shelf displays of the brand in y % of large retail stores and z % in medium retail stores. This objective has the advantage of stating how the goal is to be achieved and of identifying the outside support that will be needed.

Having identified what the sales promotion is to achieve and with whom, the next step is to select the most appropriate and cost-effective sales promotion tools. Unfortunately, in a good way, with such a variety of tools available, this is not easy. Each of the tools tends to have it's own advantages and disadvantages. I would recommend the use of a sales promotion agency when devising their sales promotion programmes. I will now briefly outline some of the major tools used for consumers.