

# Coca cola marketing 10624

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On the 14th of June Coca-Cola's soft drinks were banned from the markets in Belgium and later also in Luxemburg and France. Two failures in the bottling system were the cause for the nausea that the people suffered. According to the

article it would have been better if they would have acted fast and told the whole truth. Coca-Cola is in an oligopolistic market and therefore branding plays a great role. It is possible that the company has lost market shares, due to this accident. In the oligopolistic market the firms don't compete with price, but rather with advertising and other non-price strategies. Therefore one

can predict that this scandal has shifted the demand curve to the left. This accident can be seen as a negative externality. The government should make Coca

Cola increase their health controls (internalise their externalities), if scandals of this sort happen again. They can enforce this by either subsidies (reward) or in this case taxation (punishment). People who would usually only

buy Coca Cola due to the heavy advertising might try a substitute during the time of the ban. This can be seen as a sort of free promotion for the others in

the market. According to the zero sum game, the lose that Coca Cola is making

right now is directly proportional to the profits the other firms are making in the respected market. Coca Cola will need to take further actions to restore their brand name that they have established throughout all these years. This will significantly influences their total added costs. A strong brand has very few goods substitutes and it is very difficult for competitors to challenge the supremacy of the brand. This health scandal might have opened the doors fro new

competitors. In the long run this can lead to Coca Cola's costs for advertising to increase or furthermore they could lose control of the market and

fall into a disequilibrium. The accelerator theory suggests that the level of planned investments varies with the rate of change of income or output rather

than with the rate of interest. It will be hard for the big American company to fulfil their expectations of expansion in Europe with no investors being pleased

with their progress.