Marketing strategy of coca cola and pepsico

Business, Marketing

In microeconomics and strategic Management, the term horizontal integration describes a type of ownership and control. It is a strategy used by business or corporation that seeks to sell a type of product in numerous markets. Horizontal integration in marketing is much more common than vertical integration is in production. Horizontal integration occurs when a firm is being taken over by, or merged with, another firm which is in the same industry and in the same stage of production as the merged firm, e. G. A car manufacturer merging with another car manufacturer.

In this case both the companies are in the same stage of production ND also in the same industry. This process is also known as a " buy out" or " take-over". The goal of Horizontal integration is to consolidate like companies and monopolize an industry. A monopoly created through horizontal integration is called a horizontal monopoly. A term that is closely related with horizontal integration is horizontal expansion. This is the expansion of a firm within an industry in which it is already active for the purpose of increasing its share of the market for a particular product or service.

Benefits of horizontal integration Horizontal integration allows: * Economies of scale * Economies of Scope Economies of stocks Strong presence in the reference market Media terms Media critics, such as Robert Machines, have noted that the current trend within the entertainment industry has been toward the increased concentration of media ownership into the hands of a smaller number of transmuted and transnational conglomerates. Media is seen to amass in centre where wealthy individuals have the ability to purchase such ventures (e. G. Rupert Morocco).

Horizontal integration, that is the consolidation of holdings across multiple industries, has displaced the old vertical integration of the Hollywood studios. The idea of owning many media outlets, which run almost the same content, is considered to be very productive, since it requires only minor changes of format and information to use in multiple media forms. For example, within a conglomerate, the content used in broadcasting television would be used in broadcasting radio as well, or the content used in hard copy of the newspaper would also be used in online newspaper website.

What emerged are new strategies of content development and distribution designed to increase the " synergy between the different divisions of the same company. Studios eek content that can move fluidly across media channels. In microeconomics and management, the term vertical integration describes a style of management control. Vertically integrated companies in a supply chain are united through a common owner. Usually each member of the supply chain produces a different product or (market-specific) service, and the products combine to satisfy a common need.

It is contrasted with horizontal integration. Vertical integration is one method of avoiding the hold-up problem. A monopoly produced through vertical integration is called a Marketing Strategy of Coca Cola and Pepsico By unarguable form of cartel. Nineteenth century steel tycoon Andrew Carnegie introduced the concept and use of vertical integration. This led other businesspeople to use the system to promote better financial growth and efficiency in their businesses. Three types Vertical integration is the degree to which a firm owns its downstream suppliers and its upstream buyers.

Contrary to horizontal integration, which is a consolidation of many firms that handle the same part of the production process vertical integration is typified by one firm engaged in different parts of production (e. . Growing raw materials manufacturing, transporting, marketing, and/or retailing). There are three varieties: backward (upstream) vertical integration, forward (downstream) vertical integration, and balanced (both upstream and downstream) vertical integration. * A company exhibits backward vertical integration when it controls subsidiaries that produce some of the inputs used in the production of its products.

For example, an automobile company may own a tire company, a glass company, and a metal company. Control of these three subsidiaries is intended to create a stable supply of inputs and ensure a consistent quality in their final product. It was the main business approach of Ford and other car companies in the sass, who sought to minimize costs by centralizing the production of cars and car parts. * A company tends toward forward vertical integration when it controls distribution centers and retailers where its products are sold. Balanced vertical integration means a firm controls all of these components, from raw materials to final delivery. The three varieties noted are only abstractions; actual firms employ a wide variety of subtle variations. Suppliers are often contractors, not legally owned subsidiaries. Still, a client may effectively control a supplier if their contract solely assures the supplier's profitability. Distribution and retail partnerships exhibit similarly wide ranges of complexity and interdependence.

In relatively open capitalist contexts, pure vertical integration by explicit ownership is uncommon? and distributing ownership is commonly a strategy for distributing risks. Examples One of the earliest, largest and most famous examples of vertical integration was the Carnegie Steel company. The company controlled not only the mills where the steel as made, but also the mines where the iron ore was extracted, the coal mines that supplied the coal, the ships that transported the iron ore and the railroads that transported the coal to the factory, the coke ovens where the coal was cooked, etc.

The company also focused heavily on developing talent internally from the bottom up, rather than importing it from other companies. Later on, Carnegie even established an institute of higher learning to teach the steel processes to the next generation. American Apparel American Apparel is a fashion retailer and manufacturer that actually advertises itself as a vertically integrated industrial company. The brand is based in downtown Los Angles, where from a single building they control the dyeing, finishing, designing, sewing, cutting, marketing and distribution of the company's product.

The company shoots and distributes its own advertisements, often using its own employees as subjects. It also owns and operates each of its retail locations as opposed to franchising. According to the management, the vertically integrated p of a week. The original founder Dove Charley has remained the majority shareholder and CEO. Since the company controls both the production and striation of its product, it is an example of a balanced vertically integrated corporation. Oil industry Oil companies, both multinational (such as Complexion, Royal Dutch Shell, Consulship's or BP) and national (e. . Patrons) often adopt a vertically integrated structure. This means that they are active along the entire supply chain from locating crude oil deposits, drilling and extracting crude, transporting it around the world, refining it into petroleum products such as petrol/gasoline, to distributing the fuel to company-owned retail stations, for sale to consumers. Reliance The Indian petrochemical giant Reliance Industries is a great example of vertical integration in modern business.

Reliance's backward integration into polyester fibers from textiles and further into petrochemicals was started by Diarrhea Mambas. Reliance has entered the oil and natural gas sector, along with retail sector. Reliance now has a complete vertical product portfolio from oil and gas production, refining, petrochemicals, synthetic garments and retail outlets. Motion picture industry From the early sass through the early sass, the American motion picture industry as led by five vertically integrated studios.

The studios were responsible for showing films in a large network of theaters that they controlled. Apple Apple Inc. Have been listed as an example of vertical integration, specifically with many elements of the ecosystem for the phone and pad, where they control the processor, the hardware and the software. Hardware itself is not typically manufactured by Apple, but third-party manufacturers such as Hon. Ha Foxing or Sass Positron manufacture Apple's products to their precise specifications. Problems and benefits There are internal and external (e. . Society-wide) gains and losses due to vertical integration. They will differ according to the state oftechnologyin the industries involved, roughly corresponding to the stages of the industry lifestyle. Static technology This is the simplest case, where the gains and losses have been studied extensively. Internal gains: * Lower transaction cost * Synchronization of supply and demand along the chain of products * Lower uncertainty and higher investment * Ability to monopolize market throughout the chain by date? October 2008 Vertical expansion

Vertical expansion, in economics, is the growth of a business enterprise through the acquisition of companies that produce the intermediate goods needed by the business or help market and distribute its product. Such expansion is desired because it secures the supplies needed by the firm to produce its product and the market needed to sell the product. The result is a more efficient business with lower costs and more profits. Related is lateral expansion, which is the growth of a business enterprise through the acquisition of similar firms, in the hope of achieving economies of scale.

Vertical expansion is also known as a vertical acquisition. Vertical power. The acquisition of Directed by News Corporation is an example of forward vertical expansion or acquisition.