

Coca cola's micro and macro environment essay sample

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Macro environment Marketing's main role is to match competences, capabilities and resources within the organization and market opportunities outside outside of the organisation. Understanding of customer's needs is main essence of whole story but marketers should also be aware of factors and forces that can cause customer needs to be evolve. A change in customers' needs will directly affect ability of organisation to serve customers, this really implies for marketers to be aware of what is happening in external or macro environment.

(Businessdictionary. com[accessed : 11 Sep, 2009)Suresh Bedi (2004) describes Macro environment as composition of social and international forces that affect the society within which an organization operates. There is not much that companies can do to control these powerful forces therefore it is very much of importance for marketers to understand these factors and forces so that they can devise an optimal marketing strategy to handle these conditions.

According to Kotler(1984), " The macro environment consist of the larger societal forces that affect micro - environment (internal)." These forces are, Economic Nirmalya Kumar(2004) suggested that this element indicates economic trends of external environments and identifies overall economic disposition of individuals and society, their paying capacity, earning, interest rates, inflations and unemployment rates.

This factor is of very much importance as customers sort out their needs according to their paying capacity. For example if overall economical disposition of a town is not that good, it means people living in that town are

less capable of spending much, this analysis can help marketers to select right kind of products in that town.

Demographic It is study of human populations in terms of size, density, location, age, sex, race, and occupation. it can identify the different age structure, which is necessary, as marketers need to know who they have to serve, it allows them to make the profit making decisions for the marketing mix.

Identify trends in population growth at relevant ages for your industry (there may be zero population growth in general but high growth in the number of people over 65).

It help identify marketers of their customers, less growth of married couple in town shows that there is an increase in unmarried people and civil partnerships and usually it is seen that unmarried couple in different regions of the world tends less attracted of having children, eventually can be summarises that less married people, less consumption of children products particular to that area.

(whatmakesgoodleader. com, [accessed : 09 Sep, 2009]) Legal The macro legal environment identifies legal changes and restriction for products to launch and grow their profitability, for example in many areas of world some products are not liked and allowed to sell due to societal or religious obligations, in many areas some particular products and trends are warm welcomes, an example of this is pork and wine which is not permitted to

trade legally. Therefore major food chains as McDonald and KFC use other sources to serve their customer.

Political and social Political and social macro environment identifies societal motives and trends, for example, in modern day world people prefer organic foods and greener environment, social behaviours, values and norms, society attitude towards different issues as global warming, make of family structure etc. Politically these issues are legalised in different areas of the world.

Technological This identifies changes in daily life technologic scenarios of societies as now online markets has taken place of high street, online transaction play an important part in daily trade of economy.

(12manage. com [accessed : 09 Sep, 2009]) natural Natural forces are also an important players in this regard as it heavily matters, what kind of weather a particular group of people living in. You cannot sell fur coats in Kenya and most parts of warm weathered countries, especially in hot summer. Likewise in Russia and Canada thin clothes are rare and clothes to cope with tough winter season are most likely to be accepted.

The natural environment ' consists of natural resources that are required as inputs by marketers, natural disasters can cause a change in demand.

The cultural environment

This environment consist of institutions and other forces that affect society's basic values, perceptions, priorities and behaviours.

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An organisation must carefully watch and respond to changes in these forces as they all can shape opportunities and also create threats.

(collegeresearch. us [accessed : 11 Sep, 2009)The Coca-Cola Company introduction the Coca-Cola Company is the biggest name in beverage industry, largest manufacturer, distributor and marketer of non alcoholic beverage concentrates and syrups in the world and one of the largest corporation in United States and Europe. The company is famous for its most famous product Coca Cola, it was invented by pharmacist John Stith Pemberton in 1886. Formula and brand was bought by Coca Cola in 1892, besides this flagship product Coca Cola currently sells near 400 brands over 200 countries and territories and serve 1.5 billion serving per day. The company operates on franchise system from 1889 where The Coca Cola only produces concentrated syrups which are then sold to various bottlers throughout the world. Headquarter of Coca Cola is in Atlanta, Georgia and its current chairman is Muhtar Kent.

One important exclusion of this relationship between Coca Cola and its bottlers is fountain syrups in United States where Coca Cola directly sell and manufacture fountain syrups to authorized fountain wholesalers and retailers.

In 2005, The Coca Cola had equity positioning in 51 unconsolidated bottling, canning and distribution operations that resulted nearly 58 % of volume. One notable exception to this general relationship between TCCC and bottlers is fountain syrups in the United States, where TCCC bypasses bottlers and is

responsible for the manufacture and sale of fountain syrups directly to authorized fountain wholesalers and some fountain retailers.

In 2005, The Coca-Cola Company had equity positions in 51 unconsolidated bottling, canning and distribution operations which produced approximately 58% of volume.

(Thecoca-colacompany. com[access : 15 Sep, 2009])Influence of Macro environment on Coca ColaNow I will discuss how macro environment has change course of strategy of Coca Cola,, Demographic environment has a solid impact on soft drink industry in different ways, youth and young adults are major consumers of Coca Cola, as a result of less fertility of 80s there is a major decline in this volume of consumer group, moreover worst economic situation has sent common consumers in deep stress. Number of consumers for alcoholic drinks has risen in last year. Surveys has shown that underage of 25, alcoholic drinks usage has risen significantly this has dropped popularity of soft drinks. New brands with zero sugar and diet products by Coca Cola has attracted many customers' of old age to come back to these drinks.

The society is now more educated and concerned. Soft drinks aren't considered healthy, and as people know of the problems linked with drinking bad drinks that rot teeth, it has an effect on the soft drink industry. There are many developments in the bottling, to suit image, such as Coca-Cola's slick shape, the different sizes, which provide more acceptability and market attractiveness. Coca Cola is main sponsor for sports events in all areas of the

world, this make people feel that Coca Cola is helping society for the sake of good as they expect from large organizations to help society.

(A Buckley, 1993)Economic situations plays an important role in macro environment. In the soft drink industry prices vary significantly. Cheap Products attract more customers' than expensive ones especially in times of economic struggle. In year 2008 net assets and income for Coca Cola has dropped due to economic struggle factor as this Coca Cola's product is mainly consumed by young people, decline in earning of parents has minimised their budget and spending capacity for their children.

The natural environment problems or people concerned of greener world are more satisfied as cans are recycled after usage and create no harm to environment.

we have seen many alterations of flavour inventions, and then many more flavours too. these include " diet" and " caffeine free" to attract the more healthy conscious, many fruity-flavoured soft drinks, and many more. this is due to the technology environment, Industry is using the developments in technology to provide more varieties to access a greater market.

(G. Lancaster and P. Reynolds, 1998)Political, legal environment, The enhanced concern for the environment also comes under the topic of cultures. Besides, cultures have many other influences, like people's views about themselves that affect the market. Coca-Cola, promoted that there is an image associated with drinking their product. People use its products as a way of self-expression so they buy what will make them feel good. For

example national celebrities images are printed on cans and bottles, green coke is also an example.

Conclusion We have seen that there are still lot of room for Coca Cola to do in market place. Especially now with changing macro environment forces that are compelling market to shrink for soft drinks. Coca Cola has realised change in external environment and introduce some new products and price ranges including offers for retailers and individuals. " diet coke" and " zero coke" are brands to attract customers who are more concerned about their health. In 2007 low and now sugar products were launched making this range up to 53% from 2001 in Britain. Glaceau vitamin water is launched in London which is single packing of 500 ml with three different flavours of orange, lemonade and raspberry/apple. In the soft drink industry these forces are mostly all positive and therefore can benefit the consumers.

Part B Discuss how marketing mix is used by selected organization to gain competitive advantages

The Marketing Mix Introduction Marketing mix is a concept first presented by Neil H. Borden in his articles in 1964, Borden started using this term after Culliton named marketing manager a " mixer of ingredients". MCarthy grouped these elements into 4 Ps. Afterwards as industry grew more complicated and integrated especially after technological boom that brought world globally on a scenario of local market, now to grasp the view more comprehensively it is also described as 7Ps by some authors.

(wikipedia. com [accessed : 17 Sep 2009])Marketing decisions mainly fall into these controllable elements or categories : ProductProduct can be any tangible or intangible entity introduced in market.

Its main features are:•Fulfil customer needs•Profitable•Can attract customers (appearance)PricePricing is an important ingredient of marketing mix because price influences on from both angles, if prices are high, people would other cheap products but on the same time people would consider it a prestige and high standard of buying this product. But if price is low it will have as a same impact as in case of high, so market should be analysed to decide about price plan that where this product is going to be launch and who will be its main consumers.

(Bized. co. uk[accessed : 21 Sep 2009])Place/PositionDistribution channels and stores where product will be placed and sold out are of very much importance as this easy access leads to frequent sales.

Promotion•Prize draw•Promotional codes•Gift vouchersPeopleStaff involved in planning up to selling of product are people, customer service, follow up staff, delivery staff, packaging staff etc. Staff should be well turned up and trained towards achieving targets.

ProcessProduct design and its preparation to its distribution is called process.

Physical evidencePhysical evidence is judged to check customer's satisfaction levels and for any changes in advertisements campaigns and distribution channels etc.

- Customer's feedback,
- Sales response,
- Market share analysis(Bobette Kyle, 7 Ways to Improve Profit Through Both Long- and Short-Term Strategies)Marketing Mix in Coca ColaCoca-Cola is the largest manufacturer, marketer, and distributor of non-alcoholic beverages and different brands of soft drinks.

Now we will look at how Coca-Cola has used their marketing mix. The marketing mix is a combination of 4 parts; product, price, promotions and place.

The product- The product (Coca-Cola soft drink) not only includes just the liquid in it but also the packaging. On the product-service continuum we see that a soft drink provides little service, apart from the convenience and comfort. Soft drinks are mainly to satisfy the need of thirst. However, people are always of different nature and behaviours, some like more and others want less. Therefore Coca-Cola have made available different choices by providing many sizes. Consumers also can have particular tastes, and in this field, they also have been provided lot of options. So, although thirst is basic need to be satisfied and that is the main job required, consumer are having other advantages in the taste and size.

This all sum up to the product line, which is a term used to describe a group of products that are close in their functions in a similar way, are sold to the same consumer groups, and advertise in the same way. Coca-Cola has introduced lot of different flavours and sizes as described earlier, but also several brands such as Sprite, Lift, Fanta and Diet Coke that enhance the

product line length, making full use of the market to maximise profitability and growth.

Coca-Cola, however, also focuses on creating an image of the product. With the help of this they make it social drink, one that you would like to have in good times. So when consumers go and buy Coca-Cola, they are not only satisfying thirst but taking on an image, an idea and reasonably related thought. " We are going to a party ' we have to get Coca-Cola". Through promotion people now have been transferred the idea that it's only cool to drink Coca-Cola, and to be seen with anything else is cheap. One of its advertising campaigns focused on enjoying of drinks, they have infused a thought that drinking is not only required when you are thirsty but it can be used when one wants to relax and enjoy or get rid of stress in daily routine life.

The product is made convenient, to be bought on frequent basis, instant, and with a minimum of comparison and buying effort.

The appearance of the product is attractive with the bright red colour. It has an intelligently designed bottle shape that fits in your hand better, and reflects a cool and more futuristic look.

The quality of the soft drink should be high on permanent basis. Sealed caps guarantee that " fizz" is not lost. The bottles are light weight, with comparatively flexible packaging, so they won't break or leak, and are not too much heavy to casually walk around with. The cans are also light and safe.

All of this is a part of the product, from the drink to the image. And with the help of promotions Coca-Cola points to create an attractiveness for this. Some of their advertisement campaigns include beach scenes, which creates a connection of Coca-Cola and fun together in consumers' mind. Coca-Cola heavily focus on advertisement schemes, always willing and looking for new ideas and flooding the TV with Coca-Cola, most of the time boosting their image as being socially accepted and fun.

Coca-Cola works on the "pull strategy" in their advertisements. As, they urge to the consumers to create the demand for their product which creates a demand on the retailers and then back to them. For example, in supermarkets and convenience stores Coca-Cola has their own fridge which contains only their products. There is little personal selling, but that is made up for in public relations and corporate image. Coca-Cola is major sponsors in lot of events happening in the world of sports and recreational activities. This is another way of creating awareness and bonds for the product. They also use competitions tricks, for example by opening lid you can win an instant prize, to encourage consumers to buy their product over the competition's products. Coca-Cola promotions then create knowledge and overall liking about the product through campaigns that tells it has the best taste, is the most popular and is the one of the future, in short, making it best of all, whilst appealing to a large group of consumers.

Coca-Cola approaches all possible retailing stores in working over third part, place. In supermarkets and convenient stores Coca-Cola products are always very easy to identify, and normally make up the greater chances of buying it.

This increases their market exposure through effective use of the distribution channels. For a FMCG it is of very much important that they can be located and purchased easily. With the many automatic can machines located in many sports stadiums and shopping malls, you don't need to go in any store. It increases circulation speed of the product.

Pricing strategy is the last area of the marketing mix. Coca-Cola products would appear, on the racks, with most expensive range of soft drinks common to supermarkets, at approximately double the price of no name brands. It is due to multiple reason, one is obvious to cover extra cost of advertisement campaigns, prices kept high to create a special image of the product in consumers mind that they are not only buying a drink but they are entering in a special range of fun recreation, it depicts an idea that everyone is not cool and futuristic. That is why in most of its campaign, coke is being consumed by people who are extra ordinary and ideal for a larger group of people. In this way it creates assumption in one's mind of being different from norms. When people buy Coca-Cola they are not just buying the beverage but also the image that goes with it, therefore to have the price higher reiterates the fact that the product is of a better quality than the rest and that creates a feeling in consumer's mind that he is not cheap. This is known as value-based pricing and is used by many other industries in attracting consumers.

(A. Hutchings 1995)ConclusionsCoca-Cola is using marketing mix to get an advantage over its rivals. As we know, it is an age of self awareness and educated society. This society is more concerned about health and

environmental issues. Now consumers also think and decide who is better in market not only from product aspect but overall rating is given on the basis of organization's participation and awareness in different issues of modern ay world.

Coca-Cola is well known for intelligently using all these cards to get dominance over its competitors and is successful in my point of view. They have made Coke a social symbol, that when a consumer think of a soft drink, it is Coca-Cola. The company has created want in consumer that has turned into demand.

Coca-Cola has plenty of room to play and, they are using the space to their own, undoubtedly, world has changed significantly after 2000 and Coca-Cola has made itself choice for future and a brand of 21st century.

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