Coca cola analysis | swot and pestle

Organisations face massive challenges everyday ranging from human resources to production which apparently declines productivity. Coca Cola is one of the biggest multinational companies with presence in about 200 countries however, intend to adopt Coca Cola as my case study.

The invention of Coca Cola can be traced back to 1886 in new york Habour, workers were constructing the statue of liberty. Eight hundred miles away, another great America symbol was about to be unveiled.

Like many people who change history, John Pemberton, an Atlanta pharmacist, was inspired by simple curiosity. one afternoon, he stirred up a fragrant caramel-coloured liquid and when it was done, he carried it a few doors down to Jacobs pharmacy put it on sale for five cents about 3p a glass.

Pemberton" s bookmaker, frank Robinson, named the mixture Coca Cola, and wrote it out in his distinctive script. To this day, Coca Cola is written the same way. In the first year, Pemberton sold just nine glasses of Coca Cola a day. A century later, the Coca Cola company has produced more than 10 billion gallons of syrup.

Over the course of three years, which is between 1888-1891, Atlanta business Asa Griggs Candler secured rights to the business for a total of about 12 300 about 1500pounds. Candler would become Coca Cola first president, and thec first to bring real vision to the business and the brand.

Until the 1960s both small town and big city dwellers enjoyed carbonated beverages at the local soda fountain drug store on April 23, 1985, the trade secret “ New coke” formula was released, today products of the Coca Cola company sell than one billion drinks per day.

However, even with the above achievements of Coca Cola and the foundation of Coca Cola which has been since years back, the company has its own strength, weakness, opportunity and threats SWOT which are to be considered to be able to compete with the market and adapt to changes.

SWOT analysis is a strategic planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture. It invades specifying the objective of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieve that objective. The technique is credited to Albert Humphrey, who ked a convention at Stanford University in the 1960s and 1970s using data from fortune 500 companies.

S – Strengths; attributes if the person or company that are helpful to achieving the objectives.

W – Weakness; attributes of the person or company that are harmful to achieving the objectives.

O – Opportunities; external condition that are helpful to achieving the objectives.

T – Threats; external condition which could do damage to the objectives.

Identification of SWOTs are essential because subsequent steps in the process of planning for achievement of the selected objectives may be derived from the SWOTs. The SWOT analysis is particularly helpful in identifying areas for development. The aim of any SWOT analysis is to identify the key internal and external factors that are important to achieving the objective. The usefulness of SWOT analysis is not limited to profit-seeking organizations. SWOT analysis maybe used in any decision making situation when a desired end-state (objective) has been defined. SWOT analysis may be also used in pre-crisis planning and preventive crisis management. SWOT analysis may also be used in creating a recommendation during a viability study/survey.

. The purpose of SWOT analysis is to gather, analyze and evaluate information and identify strategic options facing a community/organization or individual at a given time. SWOT Analysis is a very effective way of identifying strengths and weaknesses, and of examining the opportunities and threats one tends to face-carrying out a analysis using the SWOT framework helps to focus activities into areas where one is strong and where the greatest opportunities lies. This knowledge id then used to develop a plan of action. The analysis can be performed on product, on a service, a company or even an individual. if doneProperly SWOT will give the big picture of the most important factors that influence survival an prosperity as well as a plan to act on. SWOT Analysis is a tool which guides one to see where one stand in terms of job prospects and career growth.

In many competitor analysis, markets build detailed profiles of each competitor in the market, focussing especially on their relative competitive strengths and weakness using SWOT analysis. Porters reffered to these forces as the micro environment, he said SWOT consist of those forces close to a company that affects its ability to serve its customers and make a profit. A change in any of the forces normally requires a business unit to re assess the market place given the overall change in industry information. The overall industry attractiveness does not imply that every firm in the industry will return the same profitability. Firms are able to apply their core competencies, business model or network to achieve a profit above the industry average.

Porters five forces include three forces from horizontal competition threat of substitute products, threat of established rivals and the threat of new entrants and two forces from vertical competition, the bargaining power ofcustomers.

Profitable market that yield high returns will attract new firmsThis result in many new entrants, which eventually decrease profitability for all firms in the industry. unless the entry of new firms can be blocked by incumbent, the profit rate will fall towards zero. Rivalry is likely to be based on dimension such as price, quality, and innovation, technology advances protect companies from competition. This applies to products and services. companies that are successful with introducing new technology are able to change high prices and achieve higher profits.

While PESTEL analysis is the macro environment or external environment, they are the factors which are external that will affect the organisation it can be new laws, trade barriers, demographic change and government policy changes, etc.

The following can be categories using PESTEL model which are as follows

POLITICAL FACTORS: these can be said to be government policy such as the degree of intervention in the economy, for example what goods and services does a government want a particular organisation to [provide? what are the piorities in terms of business support? political decision can impact on many vital areas for business such as the workforce, the health of the nation and the quality of the infrastructure of the economy such as the road and rail system.

ECONOMIC FACTORS: these can include interest rates, taxation changes, economic growth, inflation and exchange rates. economic change can have a major impact on a firms behaviour for example, higher tax rate may deter investment because it cost more to borrow, inflation may provoke higher wage demands from employes and raise costs and also a strong currency may make exporting more difficult because it may raise the price in terms of foreign currency.

SOCIAL FACTORS: any changes which occur in social trends can impacts on the demand for a firms product or any organisation services and also the availability and willingness of people to work. for example demand for sheltered accommodation and medicines has increased where as demand for toys is falling because in the United kingdom now we have alot of older people.

TECHNOLOGY FACTORS: new technology creat new products and new process, mp3 players, ipods, ipad, online gambling and high definition television are all new markets created by technology advances, online shopping, bar coding and computer added design are all improvements to the way we do business as a result of better technology. Technology can reduce cost, improve quality and to innovation.

ENVIRONMENTAL FACTORS: these includes weather and climate change. changes in temperature can impact on many industries including farming, tourism andinsurance. with major climate changes occurring due to global warming and with greater environmental awearness this external factor is becoming a significant issue for various firms to consider.

LEGAL FACTORS: these factors are related to the legal environment in which firms operate. legal changes can influce the decision of an organisation and even the costs of their products and servicesthey different categories of law which falls under legal which are as follows. consumers law, employment law, health and safety law. By using PESTEL framework we can analyse the many different factors in an organisation external environment, in some cases particular issues may fit in several categories for example the categoriesexample the creation of monetary policy committee by tye labour government in 1997 as a body that was independent of government but had the ability to set interest rates was a political decision buthas economic consequencies, if such occursmanagers have tomake decision of where they think it best belongs.

Using PESTEL managers needs to think about which factors are mostlikely to change and which ones will have the greatest impact on them which means each firm must identify the key factors in their own environment.

It is also important when using PESTEL analysis to consider the level at which it is applied especially with the big companies who produces different goods and servicessuch organisation like COCA-COLA, may also want to differentiate between factors which are very local, other which are National and those which are global.

Coca Cola company is been affected by so many external factors(PESTEL)like economic, social factors, technological factors, environmental factors, and it is also been affected by legal factor to some extents.

THE ECONOMIC FACTORS: when any country economic is poor maybe due to inflation, credit crunch etc, it can affects the price of Coca Cola products because during this period people will not be abl to affor it, they will preffr to put their money on some more important needs, like food, clothing, accommodation, etc. and this will affects the return of the company because they would not be earning as much as they use to. Technological factors, this can affect the companys decision because there are different technology i the bussiness world now for example the design on the can or bottle of the different Coca Cola products may need to be changed due to new technology so as to make the packaging attractive to the consumers of the product and also potential consumers that even if they are not thirsty they will still be attracted to the product in such a way that they are ready and willing to buy so this improvement in technology in the area of packaging can affect the decision of the company and so also social factors which really affects the selling of the products, reaonable number of people in the country population right now falls under the age where by beverages drinks like coke are no more good for their health and people who usually buy the products are advice by their doctors not to consume goods like that again which can really affect the sales of the company.

Environmental factorsor climatic conditions for example during winter so many people do not consume anything cold so as not to affect their health and vis visa during summer which is mostly hot people consume alot of drinks and this help increase the sales the sales of the products, so the weather condition of various countriescan determine the level at which people take cold drinks like Coca Cola.

Legal factorswhich can be said to be laws of a particular country cant the sales of Coca Cola for example tax payments in the united kingdom, the Coca Cola fo example pay tax in the country and this tax some times affect the price of the product, and some times before you can sell a product in the uk is sometimes different from the way its been package in other country that Coca Cola erxist in sothis affect the packaging of Coca Cola products for example some flavours of the different products of the company which is sold in the uk may not be found in other countries which Coca Cola exist in, and also the law of the country can affect the decision making of the company in some specific areas.

Apart from the above external factors that affects the decision making of the company they are also the internal factors which affects the company, some of the internal factors or micro environment which can affect the company(Coca Cola)or which the company operates on can also be categories under external.

The internal factors which is the SWOT analysis as to dowith the strength, weakness, opportunity,, threats. The Coca Cola company which have been in existence since decades ago have its own strength, weakness, opportunity and threahich affect the decision making process of the company.

Strength: Coca Cola company is a multinational company which have over two hundred company in different part of the world, they are the largest maker of beverages around the world today, the company have been able to achieve a customer base with different kind of products and they produce for every one, the company produce different products which any body of any age can take from coke, fanta, ginger coke, eva water, juice, etc they are existing in countries that some of their major competitors are not existing in countries that some of their major competitors are not existing in.

Apart from the above strength they also have their own opportunity which they also use againts their competitors one of which is that they have been producing a lot and have been creative no matter your health difficulties there is at least a brand of Coca Cola that you will be able to take, and also this company make their bottle them selves which gives them a edge over other companies who produce similar products like the company.

Threatsof the company is that the company have massive competition, the market today is filled with product of similar brand, and little mistake by Coca Cola company will be seen as opportunity for their competitor which will affect their status in the market, the weakness of Coca Cola company is more of internal that is within the organisation which can late payments of staffs or employees salary, conflicts among employees of the company which can affect the productivity of the company and if their is no team work in any organisation it will be difficult to achieve what the organisation as set out to achieve on time.

In conclusion, carrying out a SWOT and PESTEL analysis of a particular organisation no matter how big or small the company, is very important because it helps company to know the status of their company in the market and it also enables companies to work on the area of their weakness and it helps in the decision making of the organisation so that they would not make decision that will have negative effect on both the organisation and the customers or consumers of such organisation.

SUMMARY

By using SWOT and PESTEL framework, the organisation is able to analyse the many different factor in organisation micro and macro environment. and it is not limited to just profit making organisation, SWOT and PESTEL analyses can be used in any decision making situation when a desired end state has been defined. Company like Coca Cola need to do both SWOT and PESTEL analysis to help in decision making and to help to compete with the mass competitors that the company has