Second writtenexample assignment

This paper was prepared for Business Policy, taught by Holly Gruel. Alternative Beverage Industry and Coca-Cola Analysis The alternative beverage industry, including sports drinks, energy drinks, and vitamin-enhanced beverages have developed into a key component of beverage companies' brand lineup. Alternative beverages have been relied upon by companies such as Coca-Cola to sustain volume growth in mature markets where current customers are decreasing their intake of carbonated soft drinks (Business, 2013).

Success within the alternative beverage industry is based upon the company's ability to innovate, obtain brand loyalty, and capitalize on consumer trends. The competition from rival sellers within the alternative beverage industry is relatively fierce as there are a variety of competitors. Competitors include established companies such as PepsiCo, Coca-Cola, Red Bull Gumbo, and Hansen Natural Corporation and also new entrants that are all attempting to gain a foothold in terms of market share within the industry.

The increased number of rivals, the limited sales growth, and low customer switching costs between the beverage companies has deed to the rivalry between competitors as there is less money available for competitors to compete for. The alternative beverage industry has a strong force of rivalry due to the great number of competitors all fighting for limited consumer Second Written Assignment Example By bougainvillea dollars. The alternative beverage industry has a variety of options for substitutes depending on the specific item that they are looking to substitute for.

Substitute products may include bottled water, fresh coffee, assortment of Juices, dairy products, and carbonated products. Each of the substitute products pose low witching costs and some of the substitutes are also more price friendly to customers, for example substituting black coffee for an energy drink to receive the same caffeine. Substitute products in the alternative beverage industry provide a moderate force. The alternative beverage industry is an attractive industry when it comes to new entrants because of the high profit margins that are held by current competitors and the rising demands for different products within the industry.

The major downside for new entrants to the industry is the high level of capital needed if hey expect to compete with the major companies currently succeeding in the alternative beverage industry. The threat of new entrants is a moderate force because the industry attractiveness is offset by the level of capital needed to create brand loyalty. The suppliers of the alternative beverage industry include the makers or suppliers of nutritive and non-nutritive ingredients, as well as the first and secondary packaging supplies like bottles or cans and boxes or six-pack rings.

Supplies needed for the industry are available from a large number of suppliers while some of the ingredients, such as terrine, are only offered from a select few. For smaller companies within the industry, outside bottlers are used for procurement and production, and also have little say in the price they charge because of customer’s limited budgets. Suppliers of the alternative beverage industry have a weak bargaining force due to the number of companies who look to do similar Jobs or provide similar supplies.

The alternative beverage industry has multiple channels of distribution from convenience stores, to supermarkets and restaurants. The industry large number of errs has led to no single person obtaining a bargaining leverage, but the recent market downturn has led buyers to be more price conscious. Buyers are only willing to spend " x" amount of dollars on alternative beverages, and if the companies don't meet that price the sales are likely to decrease which will lead to lower company profits. The bargaining power of buyers is a moderate force because companies have to price their products according to what consumers will pay.

In the alternative beverage industry, competition among rival sellers to attract customers and market share has proven to be the strongest of the five forces, while he weakest of the five forces is supplier bargaining power because of the larger number of competing suppliers. The alternative beverage industry as a whole remains an attractive industry because of the large variety of possible products and an economy that is slowly turning around. Coca-Cola has shown increasing success over the past three years, but there is still room for improvement and recommendations that can be made to help lead to continued success.

The first recommendation for Coca-Cola is for the company to continue to stay above the competition with such steps as product innovation and ewe and exciting marketing campaigns, both of which will lead to market share growth. Product innovation will meet the changing requirements of customers and lead to differentiation from other products. Innovation in terms of marketing campaigns is aimed at acquiring new customers and retaining current ones through creative and unique marketing strategies such as exclusive offers and partnerships with food chains.

To accomplish the tasks above, Coca-Cola will have to place a large percentage of income over the next three to five years into the research and development of products and marketing campaigns. The second recommendation for Coca-Cola is to increase its brand loyalty and awareness when it comes to alternative beverages such as Powered, Fuzz, and Nested. Over the next three years, Coca-Cola should look to use its alternative beverage products for product endorsements at sporting events and with professional athletes and teams.

The endorsements should make consumers aware of the different products of Coca-Cola and also help to build market share in the alternative beverage industry as it trails PepsiCo by a significant margin worldwide. The third recommendation is for Coca-Cola to keep up with the changing nonuser trends, such as the recent health trend to offset the increased levels of obesity in the United States. The recent health trend has led customers to stray away from sugary, caffeinated drinks and favor healthier substitutes such as Juices and vitamin-enhanced beverages.

Adapting to consumer trends is a continuous process, but specifically over the next two years, Coca-Cola needs to place an extra focus on its alternative beverages meeting the changing trends of consumers. The increased alternative beverage sales will help combat the decreasing sales of the company’s carbonated soft drinks. Coca-Cola has relied upon the alternative beverage industry to sustain volume growth in mature markets, and the above recommendations will help to increase the alternative beverage section of the company.

Even with the decrease in net operating revenues in 2009, Coca-Cola was still able to increase their net income, leading to an increase in net profit margin that lies well above the industry ratio. Coca-Cola has done an outstanding Job in establishing the company in the different markets, setting itself up for immense success and endless possibilities.