

Case study of coca cola india



**ASSIGN
BUSTER**

Coca-Cola Enterprise, founded in 1892, by the standards of the Coca-Cola system it is a young company. Till now each of its franchises had a powerful heritage in the traditions of Coca-Cola that is the foundation for this organisation.

The Coca-Cola Industries started in 1892; when an Atlanta pharmacist, Dr. John Stith Pemberton, began to produce Coca-Cola syrup for sales in function drinks. Though the bottling business began in 1899 when two businessmen, Benjamin F. Thomas and Joseph B. Whitehead, protected the exclusive rights to bottle and sell Coca-Cola for most of the United States from The Coca-Cola Company.

In December 1991, a merger between Coca-Cola Enterprises and the Johnston Coca-Cola Enterprise and the Johnston Coca-Cola Bottling Group, Inc. (Johnston) created a larger, stronger company, again helping accelerate bottler consolidation.

TYPE: PUBLIC (NYSE: KO)

Dow Jones Industrial Average Component

INDUSTRY: Beverage

FOUNDED: 1892

HEADQUARTER: Atlanta, Georgia, U. S

AREA SERVED: Worldwide

KEY PEOPLE: Muhtar Kent

**PRODUCT: Coca-Cola, Carbonated soft drinks,
Other non-alcoholic beverage**

REVENUE: US \$31. 0 BILLION (FY 2009)

OPERATING INCOME: US \$ 8. 23BILLION

NET INCOME: US \$ 5. 82 BILLION

TOTAL ASSETS: US \$ 48. 7 BILLION

TOTAL EQUITY: US \$ 24. 8 BILLION

EMPLOYEE: 92800 JULY 2010

Coca Cola Indias Thirst for the Rural Market:

“ Coca-Cola Goes Rural”

From first half of 2002, Coca-Cola India (CCI) started a new advertisement campaign with one of the best Bollywood actor-Aamir Khan. The advertisement what they made with the tag line -‘ Thamda Matlab Coca-Cola ‘ was focused at rural customer & semi-urban customer. From to company sources, the main thought was to position Coca-Cola as a comprehensive

brand for Thanda. To support the rural marketing CCI has launched many campaigns in rural areas.

CCI started looking on the rural areas in the early 2000 to get a growth in the volumes. This decision was not at all surprising, for the huge size of the not yet exploited rural market in India.

With authorization sales in the urban Market, it becomes clear that CCI would have to move its attention to the rural market. Manotos Chattergy, said, "The market in India is in rural areas". If you able to crack it, there is unimaginable potential.

CCI Rural Marketing Strategy:

CCI's rural marketing strategy was based on 3 A's-Availability, Affordability & Acceptancy. The first 'A' refers to the Availability which emphasizes on the Stock of the product for the customer; the second 'A' refers to the Affordability it is all about focusing on products price, the third 'A'-Acceptability allocated on convincing the customer to buy the products.

CCI's Rural Marketing Strategy.....

Availability:

When CCI entered in to the rural market; it allocated on giving strength to its distribution channel. It realized that the centralized distribution channel used by the organization in the urban market cannot ever be suitable for rural market. For the federal distribution channel, the product was taken directly from the manufacturing plants to the retailers. Though CCI understand that this distribution channel is not suitable in rural marks, as taking reserve

straight from bottling plants to retailers becomes very costly due to the long distances. The corporation instead opted for a hub & spoke sharing system.

Under the distribution channel, reserve was transferred from the bottling plants to ware house & then from house, the stock was carried to retailers, they were located in small towns. These were house feed the retailers catering to the demand in rural market.

Here CCI not only altered its distribution model, it also altered the type of vehicles used for carrying. The organization used huge trucks for transporting reserve from bottling plants to warehouse & average business vehicles transport the reserve from the warehouse to retailers.

For transporting reserve from dealers to village retailers the company utilized small vans & cycles.

To make a statement on the transport of reserve in rural areas , a company ware house person said, we use all possible means of transportation that starts from heavy trucks ; auto ; cycle rickshaws & hand carts; even camel caarts in Rajasthan & mules in late 2002 , CCI made an added million from the organisation to meet up rural demand.

Next to March 2003, the company had added 25 manufacture lines & doubled its glass & preferred bottle capacity. Additionally it also supplied around 210000 retreaters to its rural retailers; it also purchased 5100 new giant trucks & auto rickshaw for boost its rural supply. Through its rural supply hackneyed, CCI was able to boost its presence in rural areas from a exposure of 80, 383 villagers in 2001 to 154, 342 villagers in august 2003.

Apart from intensification distribution channel CCI also paying attention on price of products in rural market.

AFFORDABILITY: A survey performed by CCI in 2001 discovered that 300 ml bottles were not popular in rural & semi urban areas. Two persons sharing one 300 ml bottle; it was also seen that the price of Rs. 10- per bottle was measured to high by rural consumers. Taking care of this CCI decided to make some changes both in the size of its bottles & price to increase share in the rural market.

In the beginning of 2002, CCI launched 200 ml bottles mainly for rural areas, as the rural was very sensitive in case of price. It was shown that the 200 ml bottles priced at Rs 5 increased the rate of the consumption in rural areas of India. Annual Report for per capital consumption of coca-cola in rural areas at bottle as compared to 6 bottles in urban areas.

AFFORDABILITY CANTED:

The new brand price that is Rs. 5-for 200 ml bottles would also make CCI competitive against local brands in the unorganized sector. According to the reports states like Rajasthan & Gujarat the local cola brands such as choices & tiller cost only half the existing offered price by CCI with their new brand " chota coke" . CCI , which help them in gaining the major market share previous to CCI also came out with its marketing campaigns, which were focused at growing awareness of its brands in rural market.

Acceptability:

The initiatives taken by CCI in distribution strategy & pricing all are powered by advertising . The organization put up of the residence in the villages.

Again, the participative nature, Coca-cala India participates in the weekly matis by setting up momentary retail outlets, & also took part in the annual hates & also took part in the annual heats & fairs major sauces of business activity & entertainment in rural India.

CCI also launch television targets at rural consumption in order to attain more rural demand . CCI improved its advertising spending . The organisation ensured that all the rural marketing initiatives were very much - supported buy them, when CCI launched in 2002 priced at 5, it bought out a commercial best bollywood actor Amir khan to be in touch the message of the picas cutt & the launch of 200 ml bottles to the rural areas. By the summer of 2003, CCI rise up with a new bolliwood featuring Aamir khan, to give further power to the coca cola brand image among rural areas. The commercial aimed to give coke a standard name for thanda, of the reason for picking up the word thanda, prason josgi. National creative director_ mccann rickson, the creator of the commercial , said thanda is a bevy north India _ centric phenomenon. Go to any restaurant in the North and East attendants would punctually ask, ' Thanda' usally means Lassi or Nimbu pani, garam is including tea. Because the character, in itself represented a culture of the socity , that we wanted to equate Cock with " Thanda". Since " Thanda" too is the division of the popular dialect of the region including North. Thus Thanda belonging to a kind for Coca-Cola. With the long-playing potentiality of the Thanda thought becoming evident, ' Thanda' became the leading idea.

Suitability :

In the primary commercial the relation of Cock with Thanda was create, in the second one there was a very small distinction, with the retailer asking consumers to ask for Thanda alternate of Cock, and the third commercial explained that when one asked for Thanda, one would get Cock. Analysis said that all the three commercial succeeded in the make rural consumer connect to Cock and increased awareness of the brand between them. Along with TVCs, CCI also lunched print advertisement in several regional newspaper.

Future Anticipation:

CCI claimable all its marketing legislative were very successful, and as a result increased from 9. 1% in 2001 to 25. 03% in 2003. CCI also said that volumes from rural markets had increased to 35% in 2003. The organization said that it would reflect on joining more villages to its dispensation network.

For the year 2003, CCI had a target of streaching 0. 1 million extra villages. Analysts pointed out that not flexible competition from archrival PepsiCo would create it increasingly tough for CCI to garner more market share.

PepsiCo too had started notice on the rural market and due to the plain volumes in urban locality. Like CCI, Pepsico too lunched 200 ml bottles priced at Rs. 4. 80. Going single step in front; PepsiCo cut the price of its 300 ml bottles to Rs. 6 to boost quantity in urban areas.

In early 2003, CCI declared that it was dropping plans to venture into other beverage business. Organization sources said that increasing quantity of cola drinks had created company rethinks its contrivance of lunching juice and milk-based beverages. In 2002, CCI had declared map to lunch beverages

like as nimbu paani (Lemon juice), fruit juice, cold coffee, and tea in co-operation with Nestle India.

Though CCI was upbeat on account of its early success in its organize to arrest the rural area, the question was whether the organization would be able to take this success again. A main media setback happened in August 2003, when the Delhi-based Center for science and Environment declared that it had set up very high gorgeous content in soft drinks produced and sold by both cola majors.

Around some time BBC radio in its programmed - ' Face the facts alleged that cock's plant in Kerala was creating most use of groundwater resources in the region & was also corrupt the ground water through reject of toxic elements, there by harming the land, water resources and it also the food chain in the region.

Though CCI refuted these blame, the organization reportedly experienced a acceptable refuse in sells after August 2003. With huge social & political team becoming active against the coca organization in rural place, it remains to be seen whether CCI will to be satisfy its thirst for the rural market.