

# Marketing report on coca-cola

[Business](#), [Marketing](#)



## Marketing Report on Coca-Cola

### 1. Introduction

Pricing becomes one key factor determining the saleability of a product in market that exhibit a fierce competition. At retailing industry, price becomes a marketing component that plays significant part that determines the success of a company. The underlying reason is the fact that the industry has many players that competes one another in order to acquire as many as customers and revenue as well.

In soft drink industry where the competition involves two giant producers: Coca Cola and Pepsi Co., price also become one influential factors since in several markets, the price of two similar products is about the same. In addition, the industry also exhibits the competition with other products such as Delmonte Juice, water, sport drink, and energy drink, to name a few.

The fact that customers prefer Pepsi cola to Coca cola in terms of taste, as revealed by the blind test several decades ago, suggest that brand equity become the driving factor that entice customers to buy Coca cola than Pepsi cola.

Concerning the beverage competition, this paper will discuss about the marketing report for Coca Cola during the upcoming events, London Olympics 2012, that includes the environmental factors, SWOT analysis, PEST Analysis, marketing strategy through STP (segmentation, targeting, positioning), designs of marketing campaign, and advertising plan.

### 2. Environmental Analysis

In general, corporations at any size are influenced by external and internal situations and condition that influence them at different level. Several external factors that influence a company includes antitrust Act, technological advancement, changes of customers' preferences, export and import policy, and customers' demand. These kind of external factors coupled with internal factors may become winning strategy if corporations can utilize and manage them appropriately and effectively.

In order to assist business in recognizing external factors that influences them; scholars, researchers, and business practitioners develop appropriate tools that also provide solutions to deal with those factors. Among many external factor and internal analyses, SWOT analysis and Marketing Strategy are business analysis tools that commonly used by business practitioners to figure out and explore issues that influence the rise and ruin of an industry.

## 2. 1 SWOT Analysis

SWOT analysis composes of strengths (S) and weakness (W) as internal factors while the external factors consist of opportunities (O) and Threats (T). The use of SWOT analysis is advantageous since it provides information that is useful to match the companies' resources and capabilities to existing businessenvironmentin which the company competes.

### 2. 1. 1 Strengths

Strength is the one factor in analyzing internal factors that influence a company. The component describes any resources and capabilities that support a company to achieve its competitive advantage such as patents, excellent reputation, low cost structure and many more.

Although a blind test in 1970s shows that customers prefer Pepsi to Coca Cola in terms of taste, still in reality Coca Cola gain better financial and sales performance. This is because the competition in the cola industry is much more about brands and value rather than price. This condition occurs since the company successfully builds their brand through several marketing campaign (Woodgrange Technologies Ltd, 2006). Figure 1 shows the top 10 brands in the UK that could strengthen the competitive advantage of Coca Cola in facing the London Olympics 2012.

Figure 1 Coca Cola among The World's Famous Brands

Source: Centaur Media plc, 2006

### 2. 1. 2 Weaknesses

The second internal factor is Weaknesses. This is simply in contrast to the strength in which the absence of specific strength might be considered as the weaknesses of the company. It includes a lack of patent protection, high-cost structure and many more.

The weaknesses of Coca Cola are caused by the strong partnerships with organizations such as Starbucks and the Lipton Company. It should also be noted that Pepsi-Cola was known for its strong franchising system. At one time, this ability was considered the backbone of Pepsi-Cola and the number one reason for its success. Figure 2 shows that carbonated drink still have a good place for

Figure 2 Beverage Scorecard

Source: Oregon State University, 2000

### 2. 1. 3 Opportunities

These elements provide specific opportunities that may help a company to gain more profit and achieve sustainable growth. They include unfulfilled customer need, new technologies, elimination of trade barriers and so on.

Despite the fact that the soft drink market is pretty competitive, Coca Cola still has the opportunity to increase its market share because the cola in the market is quite monotonous. Most of the end users are young people. However, not everyone enjoys the taste of the cola; therefore, Coca Cola could try to provide some other taste of cola such as adding some lemon juice. Coca Cola could potentially change the flavour or provide variations of flavours in order to satisfy the varying desired tastes of buying audience. Figure 3 shows that consumers now are thirsty having a quality beverage since energy and sport drink is widely available in the market. The condition suggests that Coca Cola is facing the competition in London Olympics 2012 should also campaign new products from the energy and sport drink segments. Therefore, the Olympics events could be the suitable events to heavily campaign the Coca-Cola's Powerade products.

### Figure 3 Preferred Beverages

Source: Perlik, 2008

### 2. 1. 4 Threats

Threats describe any changes in the external factors that may put any company in unsafe position in the market. They include a change in consumer tastes, new substitute products, new regulations and many more

In addition to the biggest competitor, Pepsi-Cola, Coca Cola also faces challenges from local producers of soft drink industry. In China, for example, some local cola such as FeiChang and FenHuang Cola have taken their strong hold in the market with over 50% of the market share. These local cola advertisements for the local cola also adopt the sentiments in their campaign as stated “ Chinese people drink our own cola.” In addition, these local cola flavours are more suitable for the Chinese taste buds (“ Report on Pepsi,” n. d.).

## 2. 2            Segmentation, Targeting, and Positioning

Segmentation, Targeting and Positioning has been identified as the new approach toward new product development. This approach has been used extensively to discuss the marketing mix as a whole. Nevertheless, in this paper I am discussing the practice of this approach to the ‘ Product’ factor of the marketing mix. The STP process consists of three parts:

### Segmentation

The process of segmentation includes observing personal characteristics of consumers. In this point of view, personal characteristic of consumers are significantly influenced by demographics factors. Segmentation analysis should use a mixture of various factors, which are educational attainment, home value, occupation, income and age.

### Targeting

Defining the target market is also important factors in making money for Coca Cola. After dividing consumers into different segments, Coca Cola should choose which market is the most profitable for their products. Since Coca

Cola products have their own fans and buyers, therefore, Coca Cola had better to target particular markets as following:

§ Brand of Products : Unforgettable moments with Coca Cola

§ Ages : all age

(Woodgrange Technologies Ltd, 2006)

In addition, in some markets, Coca Cola also targets particular markets. For example in Romania, wheresoccerbecomes a popular sport, Coca Cola start targeting to tap the sport market, which currently hold by sports drinks (non-carbonated drinks containing a higher salt).

### Positioning

The last part of the STP process is defining the position of the product within the selected market. This is important because defining the right market for the product does not mean determining the details of how the product should be tailored. In order to gain recognition and success in the targeted market the product must have a set of value preposition. For Coca Cola, the positioning of the company relates to the targeting of customers that focus on people who enjoymusic, sport, and fashion because life experience mostly links to at least one of these activities (Restrepo, n. d)

### 2. 3 Marketing Mix (4Ps)

Marketing mix becomes the heart of any marketing plan. It consists of product, price, promotion and place. The resume of marketing mix for Coca Cola is as following:

- Product : goes beyond soft drink by providing customer service support to answer customers' inquiries
- Price : penetration pricing to strengthen their position in the market while acquire larger market share
- Place: available anywhere especially those connected to target market (sport, music, and events) to increase the awareness that Coca Cola are lifestyle not only soft drink.
- Promotion : use endorsement from top athletes that performs during the London Olympics 2012

### 3 Advertising Campaign

Currently, the most popular media for advertising is paper or in-print media. Although electronic media emerges, the use of in-print media for advertising and public relation efforts is ' acceptable' and even ' helpful' for most consumers. However, the use of in-print media for communicating customers about Coca Cola offerings may find difficulty because consumers may receive almost 4 million tons of junk mails annually. The situation highlights that Coca Cola should employ other kinds of media such as online media since the number of internet users continues rising, which in turn also increase the online spending.

Table 1Communication/promotion activities, budgets and time scheme, and measures for evaluation

No

Communication



Activities

Budgets

(\$)

Time

Schedule

Measure

for

Evaluation

§

Public

Relations

1

In-house promotion at Coca Cola venues during the London Olympics 2012

a

Every Month before the games start

§ The number of students of public who visit Coca Cola increase everyday

as promotion on how Coca Cola works

2

Press

Releases

b

Every

week

§ News about new Coca Cola and Promotion or CSR initiatives

§

Print

Advertising

3

Brochures

c

Anytime

Distributed to customers at point of sales

4

Magazines

d

Every month

Advertisement at entertainment on sport, music magazines

§ Online Advertising

5

Website Updates

e

Any time

Web sites updated every time to show current offering of Coca Cola

6

Direct Mail

f

Every two month

Distributed to loyal customers to inform the recent update on Coca Cola products

§ Outdoor Advertising

7

Billboard

g

A whole year

Giant billboard at Hotels, Athletes apartments and at airports

8

Posters

h

Every day

Placed at restaurants, sport venues etc

TOTAL

SUM

In general, the Gantt chart for the advertising plan of Coca Cola in the London Olympics is as following:

#### 4 Recommendation

The London 2012 Olympics is still four-year away but the atmosphere can be felt since the decision to award the city as the host of the greatest sport event in the world. Especially, it relates to the government decision to build mega projects on infrastructure to support the events. Some projects include new transportation modes, housing for athletes etc. considering these issues, there are several recommendation as following:

Early Public Relation and Advertising. This condition suggests that London, one of the most crowded cities in the world that in metropolitan area population have more than 12 million becomes key attractive market for Coca Cola to promote their products long before the games begins Taking into account cultural diversity of London and during the events. As the capital of United Kingdom, the culture of the city is the combination between dozens of different customs and values owned by people of diverse origins. With more than 300 languages spoken within the city, London became of the richest cultural inheritance in the world. This condition will become more intense as athletes will come from any parts of the world suggesting coca cola to be able to deliver message effectively in more customized format. Focus on the benefits of Coca Cola. Coca Cola has a wide range of beverage

products that is suitable for athletes (sport/energy drink), officials, and guests/attendants. Therefore, it is essential that Coca Cola designs a specific communication that target each market segment.

## 5 Conclusion

Beverage industry continues exhibiting fierce competition because the customers' preferences that demands for new products and tastes. To be specific, the competition could be also more challenging for special events like London Olympics 2012 that will be held between 27 July and 12 August 2012. The challenges is not only from other soft drink producers like Pepsi Co. but also from substituting products like Delmonte Juice, water, sport drink, and energy drink.

Concerning the beverage competition, this paper has elaborated the marketing report for Coca Cola during the upcoming events, London Olympics 2012, that includes the environmental factors, SWOT analysis, PEST Analysis, marketing strategy through STP (segmentation, targeting, positioning), designs of marketing campaign, and advertising plan.

The analysis shows that the London Olympics events may provide opportunity for Coca Cola since the company also has energy and sport drink segments, Coca-Cola's Powerade products, which is suitable to target athletes and attendants.

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