Cost behavior term paper sample

Business, Company

Introduction

This essay intends to examine a comparative analysis between Coco Cola Company and Pepsi for the years 2012 and 2013. The analysis is focused on the revenues, cost of goods sold, account receivables, account payables and inventory. These items are critical in understanding the financial position of the company as well as the size of niche it occupies in the market (Friedman, 2012). Comparing the tow companies using the listed items will help both the individual shareholders, mangers and interested investors to maker decisions. However, in this case, the managerial benefits from this analysis will be considered.

The case of Coca Cola Company

In this case, the Management needs to use this trend to inquire further on the factors that may have influenced the reduction of revenues. The management should note that the company's market niche had reduced either to other players in the market or due to laxity of some departments in the company which may include marketing and advertising department (Hays, 2013). In addition, the branding department should be inquired into details to ensure that relevant and up date, branding is done in order to keep the company at the competitive edge.

The case of Pepsi Company

The table indicates that the Pepsi Company improved in terms of revenues from 65, 490 in 2012 to 66, 400. In the case of cost of goods, inventory as well as account receivables, the amount declined in 2013. The figures imply that the company's market niche is growing. The management should therefore, endeavor in sustaining all the external and internal factors to ensure continued growth of the market niche (Enrico & Kornbluth, 2012). It is notable that Pepsi competes pretty well with Coca Cola in terms of market growth. However, the management of this company should check on the upward trend of payables. Payables should be kept as low as possible.

On the interaction between the income statement and the balance sheet, both companies indicate financial stability over the two years. The companies are viable for investments.

Comparisons

Considering the figures in the tables, Pepsi Company has goods results over the two years. The company indicates an upward trend of the market share. On the other hand, the Coca Cola Company indicates the sharp decline of the market share and this can be associated with the saturation point of the company. Pepsi is on the growing curve and if the management continues to check on the general progress of the company and aligning it with the dynamics of the market, then the growth curve will remain on the upward trend for some time.

Conclusions

Pepsi is a good company to invest in compared to Coca Cola Company because of stability of its financial position and general progress. In addition, the company enjoys an increasing trend of the market share. This assures the investors to invest.

References

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Hays, C. L. (2013). The real thing: Truth and power at the coca-cola company. New York: Random House.

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