

Example of report on marketing

Business, Company



Introduction

The major macro environmental factors in business are those uncontrollable external factors that influence the decision making process of any organization, thereby affecting the performance and strategies of that business. These demographic factors majorly consist of Political, Economic, Social, Technological changes, Legal and Environmental factors – generally denoted as PESTLE. Particular examples of macro environment influences are changes in interest rates, competitors, changes in cultural tastes and preferences, natural calamities or unfavorable weather conditions, government regulations, among others. This paper analyses the macro environment changes and the internal changes that affect the Coca-Cola Company. It also focuses on the marketing and operations strategy of this firm and provides appropriate recommendation.

Background information

Dr. Pemberrton J. S. Atlanta, Georgia, invented the Coca Cola Company in May 1986. Frank Robinson, who was his bookkeeper, suggested the name Coca-Cola, which the company adopted and has used to date. Most recent statistics has it that the company today has a variety of its non-alcoholic beverages, approximated at around 500 brands and has its services in around 200 countries in the world. Further statistics provide that the company serve averagely 1. 6 billion consumers daily. It is one of the world's largest companies valued at approximately 60 billion U. S. dollars according to stock market. The development in market share and size are accredited to the proper marketing strategies used by the company and its public relation

(its relation with the external environment). This is among the several factors that led to my choice of this company (Coca-Cola Company webpage. [us.coca-cola.com/](https://www.coca-cola.com/)).

Coca Cola's PESTLE analysis

Despite the aforementioned success of the company, Coca-Cola, just like other businesses is affected by several factors as applicable to business institutions and it also affect other businesses and communities, who are the market for all businesses. The company has its strengths and weaknesses that both determine the future operations of its respective business. The PESTLE analysis is an admired method of focusing the business and the environment that it operates. As earlier mentioned, it constitutes the political, economic, sociological, technological, legal, and environmental conditions that examine the changes in the marketplace (Baines, Fill and Page 2012).

Political Analysis

The political analysis scrutinizes the current and the potential controls that arise to businesses from the political forces that prevail within an economy. Non-alcoholic beverages, which is also the product of this company are categorized under the Food and Drug Administration. The government is key to determining operation of manufacturing such products since they are viewed as essential to human life and if they are not regulated could cause harm many people due to their high consumption rates. In relation to this regulations, the government has the authority to impose potential fines to companies that do not adhered to the standard requirement by law. Below

are some of the political conditions that affect the Coca-Cola Company (Vallabhi, 2009).

The political conditions in the international economies such as governmental changes, civil conflict and regulations related to relocation of capital across borders affects the company's ability to penetrate foreign emerging and developing markets and form business alliances with local bottlers in the local markets in order to enhance production facilities, sales equipment, distribution networks and technological advantages. Nevertheless, Coca Cola is constantly reviewing these regulations and policies set by international and domestic governments and strive to adapt to them in order to fit within the standards of the law (Lea, Dopson, and David, 2010).

Economic analysis

This analysis inspects the local, national and the international economy impact that also includes the effects of inflation rates and recession. Other surveys have established that the non-alcoholic beverage industry has a larger market in outside the United States compared to its market in the latter. Reports by the surveys conducted by the Standard and Poor's Industry established that major soft drink companies such as Coca Cola have been experiencing economic improvements in several major international markets such as Germany, Brazil and Japan. There has also been slow growth in the market for carbonated drinks, more specifically in the company's main market, that is the North America. For instance in 2004, the company recorded a market growth of only 1% in North America. However, the company is conscious of these developments and is adopting measures that

are aimed at improving sales and market share, such reducing the prices of its products.

Sociological analysis

This analysis puts into consideration the manners in which societal changes affect the operations of organization. These societal changes may include the changes in lifestyles, attitudes in the markets or changes in consumers' tastes and preferences. Majority of the world's population exercise healthier lifestyles. This increases the sales of non-alcoholic beverages such as those produce by the company since consumers are switching to bottled water and diet colas such as Coke light and Zero in place of beer or other alcoholic beverages. Consumers aged between 35 to 55 years are nutrition conscious. Ageing population also increase the sales of these products since the old population are concerned with increasing their permanence by consuming these non-alcoholic beverages.

Technological analysis

Emerging technological advancements put technology at the major focus in analyzing the environmental factors related to business. These advancements bring about opportunities for new products and improvement of available products in relation to their production and marketing. Coke also rose to these advancements by creating cherry coke in 1985. The company has also improved its marketing techniques through TV and internet advertising. These are efforts adopted by the company to make its products attractive.

The introduction of better packaging materials such as cans and plastic

bottles has adversely increased sales for the company's products. Its production volume has also increased considerably with the introduction of new machineries and equipment. The latest technological development by the company, which has been considered most beneficial, is the CCE-Coca-Cola. It has six factories in Britain that produce packaging materials at a very high rate, approximated to be higher than the production of machine gun bullets.

Legal Analysis

The legal aspect analyzes the national and international legislations related to doing business. It consists of laws, pressure groups and government agencies that influence and limit operations of organizations. In 1970s, legislations were imposed to the company in India, compelling it to share its secrete formula with the local subsidiary in order to continue its operations in the country. When it declined, this altered operations in India for about 16 years. The recent poisoning of 100 children in Belgium led to the European Union alerting its member countries to ban Coca-Cola products. Other constrains includes the recent demonstrations in India, where it was believed that the company was depleting ground water and the presence of pesticides and harmful chemicals in the soft drinks. The existence of the government agencies and special interest groups hinder operations of Coke in certain economies. Nevertheless, there are legislations that promote business (Dransfield, 2001).

Environmental analysis

The company makes environmental commitments in regions it considers to hold most important opportunities to make a difference. The various areas that have been identified by the company include sustainable packaging, water stewardship, climate protection and energy management. Here are some of the global impacts of the company: it used 300 billion liters of water in 2007 in its production. It is one of the largest procurers of sugar and high fructose corn syrup. The company is also one of the largest buyers of Curtis and coffee. Additionally, it consumes the largest volumes of aluminum cans, refillable glass bottles and PET bottles in the non-alcoholic beverage industry. Finally, the Coca-Cola has averagely above 10 million vending machines, fountain dispensers and coolers in use all over the world. The company has been cautious of its water usage by trying to give back to the communities by replenishing the amounts of water equivalent to that used in production, reducing the volumes used in production and recycling water in the manufacturing process. It also redesigns its packaging materials to use the least amount of resources and recover used packaging materials after the consumers use them (Cunningham and Harney, 2012).

The Non-alcoholic beverages industry

The industry consists of companies that produce soft drinks, bottled water, milk, and other non-alcoholic drinks. The main companies in this industry includes Britvic (UK), Cott (Canada), Coca-Cola (US), Nestle (Switzerland), Dr. Pepper Snapple Group (US) Red Bull (Austria) and PepsiCo (US). The demand for these non-alcoholic drinks is stimulated by consumers' tastes and preferences, and demographic factors. Marketing is the major determinant of

profitability in the industry. The companies with the most aggressive advertising strategies gain the highest market share. Larger companies have economies of scale in their production and distribution processes. On the contrary, smaller companies offer competition by producing newer products, selling at lower prices or catering to local tastes. The industry is highly competitive and concentrated; these eight largest non-alcoholic soft drink companies constitute about 70% of the market share while the other eight largest companies producing bottled water constitute 85% of the market. Major products of the industry comprise of milk, juices – vegetable and fruit, carbonated and non-carbonated soft drinks, and bottled water and teas among others (Anthony, 2008).

Global sales of the non-alcoholic beverage manufacturing industry's products is approximated to be above \$300 billion every year, however, there are projections that these sales might surpass \$400 billion in the next two years, considering the trends in the world's consumption of these products. The largest markets for these products are the EU, North America, Russia and Japan. The United States non-alcoholic beverage manufacturing industry has around 500 companies that produce combined average annual revenue of about \$44 billion. The major challenge to the industry is its dependence on the spending of the consumers and health concerns associated to these products. The shipping costs for these products are also high considering their weight; this affects the volume of imports of soft drinks negatively (Nirmal, Ph. D. 2007).

Customer analysis

The Coca cola company has a wide range of customers since its products are consumed by both the young and old, and people from all corners of the world. Due to this effect, Coca-Cola has managed to distribute its firms to countries all over the world. Though the company's products are consumed by a higher percentage of the world's population, the middle and the high-class individuals consume more of these non-alcoholic drinks since they have more money to spend on luxuries than the low class individuals do. The products of the company are usually used for recreation purposes.

The customers of this company are usually determined by taste and health considerations, which affect their liking and purchase desires of the company's drinks. A study was conducted on the above phenomenon. 8 types of commercial Coke's products were evaluated in 354 adults and they also completed questionnaires on food habits. Results showed that the buyer intention was triggered highly by liking and sensory variables such as flavor, saltiness and greasiness. These factors emerged as the highest determinants in choice by the customers over the competitors in the industry. The other factor that affected the choice by the customers was related to health reasons. The least determinant according to this study is on the color and crunchiness of these products (Beverly J. Tepper and Amy C. (1998

The Coca-Cola Company's SWOT analysis

Opportunities

The company has relatively limited opportunities in its line of operation. However it has several successful brands, which it could pursue. In relation to its less popular products, it has the opportunity of advertising them more

so that a larger composition of the population becomes aware of their existence. Even though the opportunity of buying out competition in the world of business is rare, the company has to try it out; this could increase profitability by larger margins. The other present opportunity for the company is to popularize with all individuals. The company is popular to 90% of the world's population, however, if the company moves its popularity closer to 100%, the gap between it and the competitors would be adversely reduced.

Effects of these changes on marketing strategies (Elliott, Ethné and Herbane, 2010)

The aforementioned opportunities when exploited could lead to change in the marketing strategies of the company. The company will have to improve on its advertising to include persuasive advertising in order to popularize its less popular products. The company has needs to include in its marketing strategies include these products at the forefront so that people who do not know about their existence could learn about them. The company needs to treat these products as if they are new in the market in order to increase profitability related to these products.

Marketing Mix

Product

Coca Cola has many products but Coke is the most popular brand in the world. On average, the company produces more than 300 beverages, including Fanta, Sprite, Dasani, among other products. the products come in different packages and sizes. The sizes include 300ml, 600ml, 1. 25 liters, 2 liters and most commonly are cans(375ml).

Price

The prices for products produced by Coca Cola depend on sizes and varieties. The company's customers readily accept prices because of the increased demand of the products. Additionally, the prices offered by the company are reasonable considering the retail price of other beverages.

Place

Coca Cola products are available anywhere in the world and in any place including gas stations, restaurants, stores, and vending machines. The company gives its customers convenience, as its drinks are available anywhere and at any time of the day.

Promotion

Coca Cola promotes its products in an effective way to ensure that customers remain glued to the product. Some channels of promotion include radio, television, internet, billboards, and advertisements used to promote the products. Additionally, customers can win free drinks when they get a winning cap. All these methods of promotion attract many customers.

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