

# [The coca-cola company definition](https://assignbuster.com/the-coca-cola-company-definition/)

[](https://assignbuster.com/)[Business](https://assignbuster.com/essay-subjects/business/), [Company](https://assignbuster.com/essay-subjects/business/company/)

Coca-Cola is the best-selling soft drink in most countries. In the Middle East, the only region in the world where Coca-Cola is not the number one soda drink, Coca-Cola nonetheless holds almost 25% market share (to Pepsi's 75%) and had double-digit growth in 2003. Similarly, in Scotland, where the locally produced Irn-Bru was once more popular, 2005 figures show that both Coca-Cola and Diet Coke now outsell Irn-Bru. In Peru, the native Inca Kola has been more popular than Coca-Cola, which prompted Coca-Cola to enter in negotiations with the soft drink's company and buy 50% of its stakes. In Japan, the best selling soft drink is not cola, as (canned) tea and coffee are more popular. As such, the Coca-Cola Company's best selling brand there is not Coca-Cola, but Georgia.

According to the 2005 Annual Report, the company sells beverage products in more than 200 countries. The report further states that of the more than 50 billion beverage servings of all types consumed worldwide every day, beverages bearing the trademarks owned by or licensed to Coca-Cola account for approximately 1. 3 billion. Of these, beverages bearing the trademark " Coca-Cola" or " Coke" accounted for approximately 55% of the Company's total gallon sales.

5According to Consumer Reports, in the 1970s, the rivalry continued to heat up the market. Pepsi conducted blind taste tests in stores, in what was called the " Pepsi Challenge". These tests suggested that more consumers preferred the taste of Pepsi (which is believed to have more lemon oil, less orange oil, and uses vanillin rather than vanilla) to Coke. The sales of Pepsi started to climb, and Pepsi kicked off the " Challenge" across the nation.

In 1985, The Coca-Cola Company, amid much publicity, changed its formula. Some authorities believe that New Coke, as the reformulated drink came to be known, was invented specifically in response to the Pepsi Challenge. However, a consumer backlash led to Coca-Cola quickly reintroducing the original formula as Coke " Classic". Overall, Coca-Cola continues to outsell Pepsi in almost all areas of the world. Saudi Arabia, Pakistan (Pepsi has been a dominant sponsor of the Pakistan cricket team since the 1990s) and the Canadian provinces of Quebec and Prince Edward Island are three exceptions.

By most accounts, Coca-Cola was India's leading soft drink until 1977 when it left India after a new government ordered The Coca-Cola Company to turn over its secret formula for Coke and dilute its stake in its Indian unit as required by the Foreign Exchange Regulation Act (FERA). In 1988, PepsiCo gained entry to India by creating a joint venture with the Punjab government-owned Punjab Agro Industrial Corporation (PAIC) and Voltas India Limited. This joint venture marketed and sold Lehar Pepsi until 1991 when the use of foreign brands was allowed; PepsiCo bought out its partners and ended the joint venture in 1994. In 1993, The Coca-Cola Company returned in pursuance of India's Liberalization policy. In 2005, The Coca-Cola Company and PepsiCo together held 95% market share of soft-drink sales in India. Coca-Cola India's market share was 60. 8%.

Pepsi had long been the drink of Canadian Francophones and it continues to hold its dominance by relying on local Quï¿½bï¿½cois celebrities (especially Claude Meunier, of La Petite Vie fame) to sell its product. " Pepsi" eventually became an offensive nickname for Francophones viewed as a lower class by Anglophones in the middle of the 20th century. The term is now used as an historical reference to French-English linguistic animosity (During the partitionist debate surrounding the 1995 referendum, a pundit wrote, " And a wall will be erected along St-Laurent street [the traditional divide between French and English in Montrï¿½al] because some people were throwing Coke bottles one way and Pepsi bottles the other way").

In the U. S., Pepsi's total market share was about 31. 7 percent in 2004, while Coke's was about 43. 1 percent. 6In Russia, Pepsi once had a larger market share than Coca-Cola. However, Pepsi's dominance in Russia was undercut as theCold Warended. PepsiCo had made a deal with the Soviet Union for scale production of Pepsi in 1972. When the Soviet Union fell apart, Pepsi, was associated with the old Soviet system, and Coca Cola, just newly introduced to the Russian market in 1992, was associated with the new system. Thus, Coca-Cola rapidly captured a significant market share away from Pepsi that might otherwise have needed years to build up. By July 2005, Coca-Cola enjoyed a market share of 19. 4 percent, followed by Pepsi with 13 percent.

In the same way that Coca Cola has become a cultural icon and its global spread has spawned words like " coca colonization", Pepsi Cola and its relation to Russia has also turned it into an icon. In the early 1990s, the term, " Pepsi-stroika", began appearing as a pun on " perestroika", the reform policy of the Soviet Union under Mikhail Gorbachev. Critics viewed the policy as a lot of fizz without substance and as an attempt to usher in Western products in deals there with the old elites. Pepsi, as one of the first American products in the Soviet Union, became a symbol of the relationship and the Soviet policy.

Chapter III - The data and its analysis a. Used types of analysis We used PepsiCo's Annual Report for the year ended December 31, 2006. Also we included comparative data for the 2005 and 2004 financial years restated in accordance with the same rules. Several types of analysis can be performed on a company's financial statements. All these analyses rely on comparisons or relationships of data because comparisons enhance the utility, or practical value, of accounting information. In data analysis we used three types offinancial statementanalysis: horizontal analysis, vertical analysis, and ratio analysis. T

o be most useful, ratios should be analyzed over a period of years to take into account a representative group of these factors. Any one, or even any two years, may not be representative of the company's performance over the long-term. That is why we used three financial years for comparison. We analyzed the main financial statements, such as income statement and balance sheet. Horizontal, vertical and ratio analyses cannot predict the future, but knowledge gained by a study of ratios and related information can help the investors to make informed decision.