# The introduction of new coke by coca-cola

Business

By early 1985, Pepsi had managed to acquire 2% sales of the huge market that amounted to $960 million in retail sales. Therefore, this called for a change of strategies by Coca-Cola and their option was to introduce a new product that offered the same feature as their competitors. In this case, they had to conduct research in order to introduce new products to the market. After the investigation, they identified that Pepsi was offering a product that had a sweeter taste and this contributed to a growth in the preference resulting in increased market share. Coca-Cola commenced a research project, whereby they spent two years and $4million prior to settling on a new formula. They conducted 200, 000 taste test on the final formula and a blind test, whose results were sixty percent of the consumers choosing the new formula over the old one. In fact, fifty-two percent of the customers choose it over Pepsi, and this was an indication that new coke would assist in dealing with the problem of losing the market share to Pepsi. There was a narrow definition of the research problem by Coca-Cola, given that the research emphasized the taste only and ignored the feelings of the customers in relation to replacing the old Coke with a New Coke. Therefore, the Coca-Cola Company should have investigated other intangibles such as the brand name, history, packaging, cultural heritage, and reputation. In fact, they forgot that the symbolic meaning of coke was more important to the consumers than the taste. Moreover, Coca-Cola should have focused on conducting marketing research considering these emotions. Furthermore, there was poor judgment during the interpretation of research planning strategies by the managers.

The poor judgment occurred when they found sixty percent of consumers who preferred the new Coke taste and this led to an assumption that the new coke would be the solution to their problem. However, this did not view this assertion on the basis of the other 40% who were still royal the old Coke; thus, they ended up trampling with the tastes of the royal customers who were not willing to accommodate the change of the taste. Therefore, the company should have a focus on introducing the new Coke as a brand expansion and leave the old Coke like what happened with Cherry Coke. Coca-Cola Company had an advanced marketing research operation and its strategies have made them be at the top of the market. However, in this, their market was not based on scientific theories that could have assisted in understanding consumer behaviors. Companies such as Coca-Cola often test new products in plain white paper cups with no brand names or other marketing information. What does this ‘ blind’ testing really measure? Does applying these results to the ‘ real’ world raise any issues? Bind testing is aimed at measuring the actual response of the customers to a certain feature of the product without the influence of the brand name or other marketing information. Therefore, the consumer is expected to review the product without the ideas of the manufactures in their minds and these reviews are applied in rating the new product that is yet to be introduced into the market. For instance, Coca-Cola was seeking to settle the new formula by 200 000 taste-tests and 30, 000 o the final formula, which was a blind test, whereby 60% of the consumers were choosing the new Coke over the new coke and 52% over Pepsi. Therefore, from this example, it is evident that ‘ blind’ testing is aimed at measuring the level of preference of the new product over the other old product. However, these results can be used by the Companies in making the decision of entering the market, though the taste is not a good reason for replacing the old product as Coca-Cola did. In this case, the results obtained through the ‘ blind’ taste test can lead to neglecting relevant aspects in the real world such as resistance of the consumers to change. There are consumers who are loyal to a certain brand and not too due to features such as tastes, but what it represents in society; thus, changing it can result in issues. For instance, when Coca-Cola ignored the fact that the old Coke represented a symbolic meaning to the consumers and they decided to replace it with the new coke, which was a way of dealing with the competition created by Pepsi. This resulted in protests by a group that was called ‘ Old Cola Drinkers’ and threats were made of a class action suit by these consumers. Discuss the impact of CCA moving into alcoholic and non-alcoholic beverages, sparkling and still waters, juice, and flavored milk. What marketing research would you conduct with regard to branding these products? There is a need for marketing research with regard to branding products aimed at moving towards alcoholic and non-alcoholic beverages, sparkling and still waters, juices, and flavored milk. However, this marketing research would be based on seeking ways to introduce new products separately from the old products without the intention of replacing them. For instance, when Terry Davis came to the Australian CCA, his strategies were aimed at entering the market for canned fruits and alcoholic beverages (Frith, 2007). The ranges of each product are marketed under separate brands such as Coca-Cola, Fanta and Lift, Mount Franklin, and Deep Spring. Moreover, marketing alcoholic and non-alcoholic beverages, sparkling, and still waters, juice, and flavored milk in brands based on their categories can help in the distribution of the cost. Furthermore, this regards the extent of synergy in marketing for a diverse range of consumer’s perspectives towards retail trade.