

# Coca-cola marketing report

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



## **1. General Information on Coca Cola**

### **1. 1 Description of Coca-Cola Co. and its history**

Coca-Cola started as a cure for the addiction to morphine. After Colonel John Pemberton was injured in war and addicted to morphine, he looked into ways to find a cure for the addiction and finally in 1886, the first non-alcoholic version of a French Coco Wine called Coca-Cola was made. Today the Coca-Cola Company is a conglomerate focused on beverage manufacture, retail and marketing. It produces non-alcoholic concentrates and syrups and is headquartered in Atlanta, Georgia (Bell, 2004). Today the company manufactures over 500 refreshments in more than 200 countries or territories with an estimated 1. 7billion servings per day. The turnover (net operating revenue) for Coca-Cola Co. was USD 35. 119 Billion in 2010; bringing the company far from its roots as a small pharmacy outfit.

### **1. 2 Background information about Coca-Cola**

Coca-Cola (Coke) is the main product of Coca-Cola Co. constituting nearly 78% of the sales revenue by volume. It was the initial product sold by the company when it incorporated in 1892 under Asa Griggs Candler. In earlier production, due to lax FDA rules, Coke contained cocaine in addition to the caffeine found in it. To combat caffeine addiction Coca-Cola Company increased the Coke range of products and offered a caffeine free variant in 1983 (Teece, 1986). Ever since then, the Coke lineup has expanded to include Cherry Coke, Vanilla Coke, Lemon Coke, Diet Coke, etc. The drink itself had risen to fame near its 50th anniversary. During the outbreak of war, Coca-Cola was the drink sent to the American and Allied soldiers, and at

times small bottling plants were set-up to manufacture Coke for the troops stationed in the region. This gave Coke much needed publicity, making it an iconic brand in USA.

### **1.3 Coca Cola's Target customers**

Coca-Cola takes every thirst quenching person as a potential target market. Though all age groups are being targeted, the main potential lies between the ages of 18-25, which covers around 40% of the market share. Coca-Cola's overall target market is towards the youth, its range varies from the age of 12-40+. Coca-Cola does not only target based on age, but also on other roles such as gender, with 58% of the market being female and 42% being male. Other market segments that Coca-Cola has penetrated include customers who are living the fast paced life, dependant on their family, who are either students or family oriented people, fun loving in nature and, belong to the middle to bourgeois class.

## **2. Marketing Environment**

### **2.1 An analysis of three environmental factors that affect the business of Coca Cola**

All organizations must always be cautious when analysing the environmental factors that probably could make an affect to their marketing both domestically and globally. Coca-Cola's company and subsidiaries have many environmental factors that may possibly affect their domestic and global marketing decisions. These factors are comprising the organization's external environment and are split into three different categories of industry environment, remote environment and operational environment (Mentzer,

2001). Companies display their weaknesses and strengths in an effort to focus on the opportunities shown in these external environments.

Factors that may affect the decisions includes, interdependence on global economic, along with trades and demographics, agreements and their importance on top of cultural differences, physical infrastructure, ethics vs. legal obligations, social responsibilities, international relations, political systems, and technology when analysing the influences of the (FCPA) Foreign Corrupt Practices Act also as for the local, international, and national legislation. Have a successful marketing business and plan, the most important thing is that the company or organization must always look into how these factors could possibly help their business globally and domestically. Read about import substitution and export promotion

## **2. 2 How the marketing environment affects Coca Cola's market strategy**

The goals of Coca-Cola are to maximize profitability and growth to create greater value for the shareholders. Huge efforts are needed to be able to achieve this goal. By transforming the commercial models, focusing on the customer's value potential and using a value-based segmentation approach to attract the industry's potential values (Kotler, Brown, Adam, et al, 2004). Also by implementing multi-segmentation strategies in our major markets to target various distinct market clusters which consumption occasion and intensive competition and socioeconomic levels divide. Another strategy is to implement a well-planned packaging, product and pricing strategies through many various distribution channels. A driving product with innovations along different product industries and also achieving the full potential operating of

the commercial models and processes to enable efficiencies in the operations throughout the company.

However, to achieve these goals, the company has to continue to focus their efforts on the following initiatives.

- Working with the Coca-Cola Company to develop a new business model as to continue participating and exploring in the new lines of beverages. Also to extend existing products and effectively marketing and advertising our products
- By expanding and developing the beverage portfolio through innovation, having strategic acquisitions by entering into agreements whereby to join and acquire companies with the company.
- By strengthening go to market strategies and selling capabilities. Including conventional selling pre-sale and hybrid routes whereby to get closer to the clients and help them satisfy their beverage needs of consumers.
- By broadening the companies' geographic footprint through strategic acquisitions and organic growth.
- Expanding the companies bottled water strategy through innovation and selective acquisitions to increase the company's profitability across the market territories.

### **3. Current Marketing Mix, Segmentation, and Positioning**

#### **3.1 Coca Cola's current marketing mix**

Price The continual pricing strategy of Coca-Cola can be described as value oriented. Despite being a leader in its market, its strong head's up

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competition with Pepsi has forced Coca-Cola to maintain affordable pricing to appeal to its broad middle class market (Grönroos, 1994). The company was complimented by shareholders and analysts in 2011 for preserving a relatively low price point in response to the economic recession in the United States. While this point accentuates the risks to any company of picking up a price-driven strategy, Coca-Cola's strong global brand allows for short periods of price drops.

Place With Coca-Cola being a global product, it enters foreign markets in many diverse ways. The most common channels of entry are franchising, licensing and direct exporting. Besides beverages and their secret Coca-Cola syrups, they also directly export their merchandise to overseas distributors and companies. Other than exporting, Coca-Cola markets internationally by licensing bottlers globally and supply them with the Coca-Cola syrup needed to produce the product (Waterschoot, 1992). The Coca-Cola Company only manufactures a concentrated syrup, which they sell to bottlers throughout the world who holds the Coca-Cola franchise. The bottlers produce the end product by mixing the syrup with water and sugar, and distributes it to vending machines, restaurants and retail stores.

### **Promotion**

Coca-Cola pumps in billions of dollars a year in advertising and promotions globally to maintain its position of industry market leader against competitor Pepsi. Pepsi raised its advertising budget by 30 percent in 2011 when its market share fell behind Diet Coke. Coca-Cola spends a good portion of its ad budget on television advertising. It uses polar bear figures and a message of nostalgia and tradition as part of its branding over time. Magazine ads,

online internet and various social media have also been used as publishing for Coca-Cola marketing. Sales promotions at the actual store are used to spark revenue during slow-moving periods (Borden, 1964).

## **Product**

The product Coca-Cola includes not only the liquid carbonated drink but also the branding and packaging. Soft drink satisfy a simple factor, which is thirst. However, consumers are all different and always want something better or more (Grönroos, 1994). Hence, Coca-Cola has made leeway for that so customers have more choice by providing different sizes of cans and/or bottles. Also, customers all around the world have different tastes hence they have provided several options (Tucker, 1964). Coca-Cola has developed a handful of different flavours and sizes, but also created many different brands such as Sprite, Fanta, Diet Coke and Vanilla Coke which pushes up the product line length, thus making full use of the market to stretch profits.

### **3.2 Coca Cola's segmentation**

According to Weinstein (2004), segmentation is partitioning the market into various groups or segments so that potential consumers with similar needs and wants are grouped together to promote purchase. Coca-Cola Company segments customers according to the following:

**Geographic Segmentation** The product is greatly segmented by distance, thus various divisions are created that report back to the parent company to allow a smoother work-flow (Keller, 1993).

Place of Consumption Coca-Cola segments its market based on the basis for the place where the consumption of the beverage would occur. Most of the consumption takes place on premises such as Railways and Cinema.

Demographics Coca-Cola Co. segments the market based on age and income as a basis for demographics.

**3. 3 List and explain Coca Cola's major positioning strategy that it is using in its marketing**

Products are marketed as refreshing and thirst quenching. The products are said to bring joy.