

# Coca cola threat of entrants and porter's five



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Rationale: Coca Cola Company continues to work on research/development and focus on making new products. For instance, a can of coke has a secret formula that will be difficult to imitate. Coca Cola products are significant because they make each product unique.

## **Internal Fit/Factors**

### **Porter 5 Forces Analysis**

#### **Threat of Entrants**

Coca-Cola does have a lot of competitors in the soft drink industry. The threat of entrants is low for the soft drink industry. There are very few entrants who can compete with Coke. In addition, a barrier to entry when entering the soft drink industry would be a high capital investment. If you don't have that high capital investment it would be hard to enter the industry. Coke nearly earns 48% of the soft drink industry and there are no competitors that are nowhere near coca cola's distribution. Coca-Cola has over 500 brands of products which are potentially substitutes. To get the point, the buyer can switch from one product to another at no cost under the Coca Cola brand. Nowadays, consumers are really being health-conscious about their health. So they may not be interested in soft drinks but look at tea, juices, milk and even water. Certainly, Coke does have these products on hand. If Coca Cola decides to increase most of their product by a \$0.50 increase, it would be very likely, consumers would buy Pepsi products. Coke can lose its profits margin and can have a major impact on the trademark itself if they increase prices. Price is a huge factor to take into consideration with regards to other entrants. The challenge for this organization today and the future is to focus private companies because they can imitate the

products and put cheaper prices. Private companies currently earn 14.4% of the soft drink industry. Having strong barriers prevents from this rising situation to happen. One strong barrier to entrant that prevents from coming would be distribution channels. Coca cola has their products everywhere on their store shelves which make it accessible to consumers while new private companies will have a hard time selling their products to wholesalers, retailers, and distributors.

Rationale: Entrants are slowly rising to the carbonated soft drink industry and as organization must find new barriers. Coca-Cola should continue to develop their brand loyalty worldwide and convince consumers to have reliability in their products.

### **Barriers to entry**

One of the 5 forces that shape the soft drink industry is barriers to entry. The Coca Cola company says on its website it is facing strong competition from well-established global companies and many local participants. For this particular industry, the competitive forces are benign, (favourable). Most of the companies in the soft drink industry are profitable. The Coca Cola company's main competitors are Dr. Pepper, Nestle and Pepsico. These companies definitely have the advantage over there competitors. In porters 5 forces, Porter refers to supply-side economies of scale, where firms such as the CCC and Pepsico can produce at large volumes enjoy lower costs per unit because they can spread fixed costs over more units, employ more efficient technology, or command better terms from suppliers. According to Porter's article, supply-side scale economies deter entry by forcing the aspiring entrant either to come in the industry on a large scale, which requires

dislodging entrenched competitors. How does a newcomer circumvent the barriers to soft drink industry? Perhaps create new distribution channels of their own. Creating a niche market for their drink in the form of marketing to a certain segment in the soft drink industry.

### **Competitive Rivalry**

Competitive rivalry is between two main competitors the Coca Cola Company and Pepsico to satisfy the taste of consumers in this industry. Last month Beverage Digest reported that Pepsi-Cola's market share fell 0.5 percentage point while Diet Coke slipped just 0.1 percentage point in the U. S. supermarkets, convenience stores and other retail outlets. The two companies have fought over the past decade to win market share from one another as overall sales dropped. This relates to Porter's article on the 5 competitive forces that shape strategy. There is an intense rivalry between these two companies. According to porter " high rivalry, limits the profitability of the industry." The Coca Cola Company and Pepsico are competing based on brand image.

### **Power of the buyers**

One of the 5 forces of porter is buyers the power of the, for Coca Cola Company the power of the buyers is high. They play an important role in the Company process because they are part of the distribution process of the company. They play an important role in distributing the system so it can reach the consumers. They are part of the company and the process. They are part of the strategy used by the company.

### **Power of the suppliers**

Another of the 5 forces of porter is the suppliers. As well they play an important role in the company process so they have a high power. They have a high power because they also play an important part of the process of the soft drinks. If they decided to boycott the company it will caused them serious damages. There will be a cost to switch suppliers because they will have to build a relationship since 0 and might lost incomes for doing that.

### **External Fit (Diamond E. Model)**

#### **Management Preferences**

The senior management team wants to increase the efficiency and effectiveness in the production and bottling sector. With regards to economies of scale, Coke continues to increase production at a low cost. As production of Coca Cola products increase, the cost of producing each unit falls. Moreover, the senior management continues to think about new products (in addition to their 500 products), develop beverages, make new programs and promotions, and meet the needs of customers.

The senior management continues to strive for sustainability in their organization. Coca cola recently launched their plant bottle packaging, which basically means they have created their PET bottles from plant based materials. Hence, makes their product 100% recyclable. Muhtar Kent, chief operating officer continues his obligation with sustainability. In 10 years, he plans to reduce coca cola's emission by a half.

To continue improving performance, Coca-Cola continues to update their technology with regards to quality control. As well continue using better material for their products. In addition, this organization is starting to <https://assignbuster.com/coca-cola-threat-of-entrants-and-porters-five/>

develop their products in rural areas of the world. The senior management team wants to let consumers know that they are the most trusted carbonated soft drink company and strive to achieve leadership in corporate sustainability.

Rationale: The main preferences for Muhtar Kent, CEO, wants to develop and raise their brands, enhance revenue growth and increase productivity within their products.

### **Resources**

The resources on the Coca Cola Company according to the Diamond E. Model are first the all the resources that the company have to keep on growing and innovating. From the shareholders to the investors, etc. The company has used many of these resources to create healthy products or bio friendly products. They are aware that many of their ingredients comes from the environment and the nature so they are trying to created a friendly environment where the environment is being look after. They have different programs that are meant to help the environments to maintain the natural resources of the land. This is very important because if one of the products they use is gone they won't be able to produce the product anymore.

### **Organization**

What is the structure, leadership and unique features of the Coca Cola Company in relation to Fry/Killing Diamond E Model. It is what is referred to as the Coca Cola system, which comprises 300 bottling partners worldwide. The coca cola system operates through multiple local channels, the company manufactures and sells its concentrate, beverage bases and syrups to bottling operations, owns the brands and responsible for consumer brand <https://assignbuster.com/coca-cola-threat-of-entrants-and-porters-five/>

marketing initiatives. The bottling partners manufacture, package, merchandise and distribute the final branded beverages to customers and vending partners, who then sell the products to consumers. It is no wonder the coca cola company has one of the best distribution systems in the world and the ability to penetrate in markets where no company can duplicate is attribute to the structure and leadership at the Coca Cola company. The other unique aspect is the relationship it has with its bottling partners, who in turn works closely with customers, like grocery stores, restaurants, street vendors, convenience stores, movie theatres, and amusement parks to execute localized strategies developed in partnership with the company.

## **Part 2**

The strategic job we chose for our organization was Brand manager and the requisite job we chose was a Truck Driver/Vending Machine Supplier.

### **Requisite Job at Coca Cola: Truck Driver/Vending Machine Supplier**

The requisite job for the Coca Cola company we agreed to use was the truck driver/vending machine supplier. This type of worker requires high school education, has to be licensed to drive a truck, may involve some lifting and moving heavy case of soft drinks. It would be an asset to be in good physical condition. But it is not a requirement. The job incumbent must be personable, because you are dealing with customers and consumers of the company on a daily basis. It would be ideal to hire from within the company a group of truck driver/vending machine suppliers, but due to the supply of this type of worker. We will hire from outside the company. It is easy to hire from a pool of truck driver/vending machine stockers.

**Duties**

- Responsible for delivering product and filling vending machines at all points of availability.
- Collects and is accountable for money
- Check accuracy and stability of the load
- Restock machine to proper level, maintaining accuracy in stock levels
- Invoice and collection of monies
- Securing company assets
- Ensure the machines are clean and in good working order
- Ensure compliance with regulatory and company policies and procedures
- Settle all accounts daily
- Ensure product codes and Health codes are adhere to
- Report damage to machines
- Load supplies in a vehicle, such as a truck
- Establish and maintain good customer relations with business owners and operators

Knowledge/Skills/Attributes/other attributes of a Truck Driver/Vending Machine Supplier

**Knowledge**

- knowledge of the English language
- Able to provide customer service and interpersonal relationships on one on one basis.
- able to provide and identify customer service needs in a group dynamic situation.



- being able to evaluate quickly customer service needs and know how to meet those needs
- knowledge of simple mathematics and statistics
- knowledgeable of relevant equipment and company safety policies and procedures.
- able to understand and read provincial regulations, regarding the safe operation of a vehicle

**Skills**

- active listening
- speaking
- Critical thinking
- Coordination
- Service orientation
- Judgement and Decision-making
- Writing

**Abilities**

- Oral comprehension
- Good Vision
- Ability for good oral expression
- Speech clarity
- Written Comprehension
- Control Precision
- Depth Perception

**Other Attributes**

- Ability to perform and work directly with the Public
- Able to deal with external customers
- Able to have Face-to-Face discussions
- Able to work with a group or team
- Is able to work outdoors, exposure to all types of weather
- Able to handle the daily contact with the same people in a professional and polite manner

**Labour Market for a Coca Cola Truck Driver/Vending Machine Supplier**

Based on the duties and KSAO's of this type of work at the Coca Cola company. We are not just looking to hire any driver. They need to have the experience in dealing with customers and the public. They must be committed to working for the company, because we are going to be testing the potential hirees. The testing will be based on questions about our company's occupational health procedures and equipment operation. The potential hirees will be tested on English language proficiency and Mathematics problem-solving etc... They will also be quizzed on customer service skills. What type of interpersonal skills do they possess? This type of job consists of daily contact with customers and business owners. We will give provide further training for those drivers/vending suppliers at the company's expense. Based on these requirements for the job, we will need to find certain individuals that possess a high school diploma, with a clean driving record. The company is confident that we will find these talented people to come and work for the Coca Cola company. The CCC will provide the additional training to enhance skills such English, written and oral

comprehension. The training will also involve a simulation of driving a Coca cola delivery truck. How to handle tight corners for example, or driving on the highway, avoiding dangerous maneuvers, while changing lanes. We at Coca Cola believe we can, attract and retain this type of driver. They will go through Coca Cola University, and once they complete their goals with a certificate. They will have the ability to work anywhere in Canada and the U. S. The company believes by showing that commitment and belief to our people in this case, our truck driver/vending suppliers, we have created a our own market.

### **Benefits**

The benefits are:

- Training: at the Coca cola university for only selected hirees.
- Health, Dental, Vision Plan

-an employee who requires work-life balance, can ask for it. This might involve parental leave or personal leave program. It is our belief at our company that we have invested time and training for our employees, in order to retain and attract future employees this is one benefit at the coca cola company will a mainstay. We also have wellness programs, so our employees have the option of going into a fitness program at the no cost to them. We have financial planning benefits that our Truck driver/vending suppliers can take advantage of, so they can plan for the a secure future for their families.

### **Compensation**

We would start the new hiree's at \$13 hourly rate, work, after one year to \$15/hr- eventually topping at \$30/hr. The performance pay would be based <https://assignbuster.com/coca-cola-threat-of-entrants-and-porters-five/>

on individual performance. We are designing the merit bonuses into the compensation package. One form of a bonus incentive could be showing up for work consistently. Or we could gear it to production like serving a number of vending machines or a certain number of clients. The other options are, since this type of work involves excellent customer service skills, we could start to give bonuses to employees who score high on customer service. Another type of bonus, could be about minimizing errors by truck delivery personnel on the most efficient routes for delivering products of Coca cola. We would also encourage the participation of employees on what type of bonuses they like to attain. Research has shown that employees who work to challenging but attainable goals, especially when they had a role in formulating these goals-outperform those without specific work goals