

# *The Coca-Cola Company*

*Phase 1 Deliverable*

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## **Introduction**

The following document will provide an overview of The Coca-Cola Company. We will discuss the strengths and weaknesses we face as a corporation through a SWOTT analysis, our marketing challenges and target markets.

## **Overview & Challenges**

Coca-Cola is the largest soft-drink manufacturing company in the world. In reference to Figure 1, Coca-Cola contains the largest market share in the beverage industry. We have over 500 brands in 200 countries, selling 1.9 billion servings per day (Brands, n.d). Our company has gained brand recognition worldwide and is now the third most valuable brand (Coca-Cola No. 3, n.d). In the very competitive carbonated soft drink industry, we are leading in manufacturing, marketing, and distributing since our inception in 1886. Our brand represents refreshment, sustainability, innovation, and good times (Brands, n.d). With the recent changes in consumer diets, we have adapted our products to overcome the societal criticism and skepticism.

### *Sugar Stigma*

The main challenge that Coca-Cola faces is the stigma surrounding sugary beverages. A study by the New York Times shows a 24% decrease in soda consumption from 2007-2013 (Sanger-kat, 2015). The decline suggests that consumers are shifting towards healthier options, which means we must shift our focus and take advantage of the opportunity to grow our product portfolio.

### *Diversity*

Another challenge we face is the lack of product diversity. Of Coca-Cola's brands, 51.4% are carbonated soft drinks and the other 49.6% consists of diet beverages, energy drinks, and mixers (IBISWorld). As compared to competitors, Pepsico and the Keurig Dr. Pepper Snapple Group,

we have yet to break into the market of foods or hot beverages. This portfolio diversification has allowed our competitors to gain other target markets that we have yet to secure.

### *Advertising*

The final challenge that we face is the shift in primary advertising. While TV is still our most popular way to advertise, many people are going digital (Hobbs, 2016). Millennials are a large part of the world today and they are constantly on their phones. Our company is aware that we need to make a change to advertise digitally in order to reach a larger part of the population.

### **SWOTT Analysis**

Coca-Cola has a competitive advantage over our main competitor, Pepsico, because we are the more widely recognized brand. According to Figure 2, we maintain our superiority through effective marketing strategies, customer loyalty, social responsibility and other unique attributes. Our company focuses solely on soft drinks, in contrast to Pepsico, who has a further diversified portfolio. Although we consider our lack in product diversification a weakness, we believe it is an opportunity for growth. Some of our threats include society progressing towards a healthier lifestyle and departing from sugary beverages. We take notice and accommodate for our consumers' demand; along with teas and vegan smoothies, we provide low calorie and sugar alternatives for current trends concerning dieting lifestyles. This is our unique selling proposition, offering more than 500 brands of drinks to our customers.

### **Target Markets**

Coca-Cola aims to fulfill the needs of different demographics through our wide range of brands. We have broken this diverse population into three specific target markets. This classification allows us to appropriately and effectively advertise to our loyal consumers.

### *Primary Target*

Our primary target is men and women, ages 18-25, with or without a college education and varying ranges of income. To market to all levels of income, we offer various packaging styles including glass bottles and tin cans (E, 2011). We recognize that individuals in this age range are living different lifestyles and we must accommodate. Our primary market is approximately 40% of our consumers (War, 2012).

#### *Secondary Target*

In order to reach a younger market, such as youth ages 12-17, we offer fruit flavored beverages like Hi-C and Minute Maid. To cater to the active lifestyle of this age range, we provide Powerade. We believe marketing to the youth will create future customer loyalty.

#### *Tertiary Target*

To reach the older generation, ages 30-50, we produce diet substitutes. As these individuals shift their consumption to sustain a healthier lifestyle, they are looking for low calorie or sugar free options. Another benefit of targeting the head of the household is that it allows us to market the youth simultaneously.

#### **Summary**

This document gave an insight of Coca-Cola and provided a detailed look into the soft drink manufacturing industry. Looking at our top three target markets and marketing challenges, we were able to define the strengths, weaknesses, opportunities, threats, and trends of our company pertaining to each market. We will be able to take this research and further identify what needs to be done in order to improve our company.

Attachments

Figure 1:

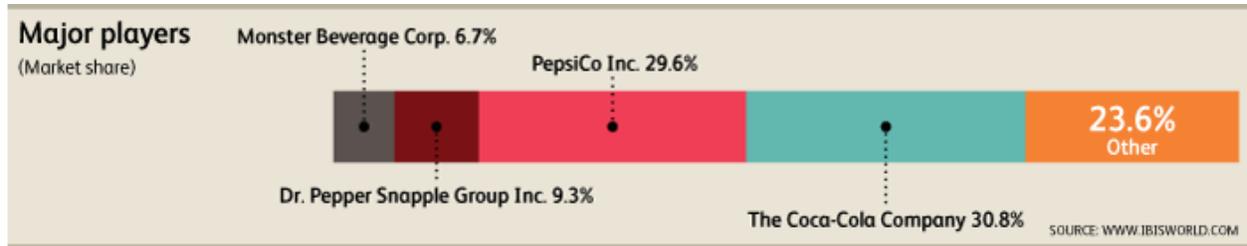


Figure 2:

Strengths	Weaknesses	Opportunities	Threats	Trends
Customer loyalty	Competition with Pepsi	Diversification	Substitute products	Health & diet
Large market share	Product diversification is low	Developing nations	New entrants	Social responsibility
Brand equity	Absence in health beverages	Market the lesser selling products	Raw material sourcing	
Vast global presence	Water management	Supply chain improvement	Indirect competitors	
Company valuation	High distribution cost	Health market	Obesity epidemic	
Good marketing strategies	Foreign currency fluctuation	Extend their reach to developing countries	Lawsuits	
Distribution network	Falling consumption regular soda	Acquire other brands	Water scarcity	

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