

Analysis of Coca-Cola's Marketing Strategy

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Abstract: In recent years, with the continuous improvement of people's living standards, people have paid more and more attention to their health. This has led to more and more people seeking fresh juice, diet drinks and other healthy drinks. As a representative of high-sugar and fat-prone drinks, what marketing means will Coca-Cola choose to ensure the survival of the company under this social background? In addition, how will different stakeholders be affected? In this article, we will use PESTLE, stakeholder, and SWOT analysis, as well as Enterprise Life Cycle (ELC) and Ansoff Matrix analysis, to demonstrate how Coca-Cola Company uses technology and innovative marketing strategies to gain a large number of loyal and long-term customers. It can be concluded that Coca-Cola made various decisions under the threat of other competitors in an environment where people pay more attention to their health.

Keywords: Coca-Cola Company, PESTLE analysis, SWOT analysis, business management

1. Introduction

First, a brief overview of the Coca-Cola corporation will be given. The Coca-Cola Company, established in 1886 and with its global headquarters in Atlanta, Georgia, is a leading pioneer in the soft drink industry. It sells successfully in more than 200 countries and regions and has close to 400 beverage brands. Moreover, Coca-Cola sells more than 1.5 billion cups of soft drinks per day, or 48% of the global market. Four of the top five soft drink brands in the world are also owned by one company. They include Sprite, Fanta, Coca-Cola, Diet Coca-Cola, etc [1].

In the market environment, with the passing of the era of hunger and the improvement of material living standards, in order to improve the quality of life, people are under increasing pressure and should pay more attention to improving their health. Doing more exercise is one of the main reasons that some people have a healthy body, but nowadays most people are busy with work and socializing. Where is the exercise time? Only by keeping a healthy diet can we give people a healthy body. It can be carried that these people to some extent, want to take shortcuts to achieve their goals. But when consumers have a demand for health, a healthy food without high sugar and caffeine will appear on the market. Therefore, consumers will have less and less demand for high-sugar drinks such as Coca-Cola and Pepsi. This paper uses PESTLE, stakeholder and SWOT analysis models combined with enterprise life cycle (ELC) and Ansoff matrix to analyze Coca-Cola's marketing strategy. It focuses on how Coca-Cola maintains profits and puts pressure on competitors as consumers become more health-conscious.

2. Research Method

2.1. PESTLE Analysis Model

The PESTEL analysis model is a beneficial tool for studying the macroenvironment in addition to investigating the external environment and identifying all the forces that have an impact on the firm. Political factor (P), economic factor (E), sociocultural component (S), technical factor (T), environmental factor (E), and legal factor are the six key elements that each letter of the acronym stands for. It is a methodology for examining an organization's external influencing elements (L).

2.2. SWOT Analysis Model

The foundation of a SWOT analysis is the evaluation of the market environment, internal and external competitive environments, and market trends. By conducting research, it identifies the key internal strengths, weaknesses, and external opportunities and threats that are directly related to the research object. It then draws a number of corresponding conclusions with the idea of systematic analysis, and the conclusions typically have specific strategic implications. S stands for strength, W for weakness, O for opportunity, and T for threat. Whereas the opportunities and threats are based on an analysis of the external competitive market, the benefits and disadvantages are based on an internal analysis of the firm.

2.3. Stakeholder Analysis

Stakeholder analysis helps the customer find the key stakeholders who have the most influence over the strategy by analyzing all the people (and organizations) who are relevant to their interests. Stakeholders are people or groups of organizations that are either inside to the customer (such as employees) or external to the customer but have an interest in the customer (e.g., suppliers or competitors).

2.4. Enterprise Life Cycle (ELC)

The dynamic trajectory of an organization's development and growth is known as the enterprise life cycle, which includes development, growth, maturity, and decline at various stages. Finding a specific organizational structure for enterprises in different life cycle stages that can adapt to their specific qualities and constantly promote their development is the aim of studying enterprise life cycle theory. This will enable businesses to find a relatively optimal mode from the perspective of internal management in order to maintain their capacity for growth and fully exploit their distinctive advantages in each life cycle stage. Then, extend the lifespan of businesses and aid them in achieving sustainable development on their own.

2.5. Ansoff Matrix

The Ansoff Matrix separates four product/market pairings and associated marketing techniques based on the two fundamental features of product and market. It is one of the most often employed tools for marketing analysis. Market penetration, market development, product development, and diversification are the segments of the Ansoff Matrix.

3. SWOT Analysis of Coca-Cola Company

3.1. Strength

3.1.1. Historic Brand

Since its founding in 1886, Coca-Cola has been popular all over the world for more than one hundred years. The brand image is deeply rooted in people's hearts and has become a part of consumers' lives. With a high level of innovation and R&D capabilities (such as the launch of new formulations), a large global market share, and more market leader brand products.

3.1.2. Multiple Brands

Coca-Cola launched the Coca-Cola Sugar-Free series and acquired a large number of juice brands to consolidate the existing market and expand resources in new markets that are primarily focused on healthy drinking in order to satisfy the most loyal Coca-Cola users.

According to Alfredo Rivera, president of the Coca-Cola Latin America business, the market for plant-based beverages is "developing quickly and is of great interest to consumers across the markets that we serve." Coca-Cola's 2016 acquisition of AdeS, the largest soymilk beverage in Latin America, also helped Coca-Cola move into the health drinks market in a healthier diet market environment for the first time [2].

3.2. Weakness

Customers believe Coca-Cola to be a fizzy beverage with caffeine and a lot of added sugar (even for sugar-free variants), which might cause obesity and other health issues.

The delivery cost of raw materials is high.

Coca-Cola concentrates its beverages and ships them to various locations throughout the world, increasing the cost of transportation in order to keep its components a secret.

3.3. Opportunity

3.3.1. Participation in Global Public Welfare Activities

The Olympic Games are one of the most popular events in the world, and it's also one of the opportunities for Coca-Cola to expand their international market and get more market share during the duration in Olympic Games.

3.3.2. Unique Appeal

Entry barriers to the soft drink sector in general are low, but those to accomplish global marketing are significant. Young people's demands are catered to by carbonated beverages, particularly in Latin America and the Asia-Pacific region where the proportion of young people is rising quickly and creating significant business opportunities for the sector. So, this may be the chance that allows the Coca-Cola Corporation to enter the soft drink market and surpass Pepsi in market share.

3.4. Threat Combined with Stakeholder Analysis and Ansoff Matrix:

3.4.1. The Rise of Health Education

Coca-Cola is practically junk food in today's health-conscious culture. Carbonated drink usage will inevitably decline as consumer health awareness grows. Therefore, Coca-Cola Company strongly

bound Coca-Cola to the scene of the Chinese New Year party in 2022 (for example, it released many short videos and photos of Coca-Cola with the theme of red under the scene of the New Year), which enhanced the connection between people, captured the minds of consumers, and enhanced the social appeal of the brand, perfectly explaining the brand proposition of "Reunion in the Year of the Tiger, releasing the beauty"(exist-product & exist-market, but create the way of traditional marketing). They use the New Year advertisement to establish the connection between the traditional ace products and the Spring Festival, so as to promote their own products, so that the beverage image of Coca-Cola can go deep into the heart of Chinese consumers through these New Year advertisements, so as to increase the total sales volume of Coca-Cola in China.

3.4.2. The Threat of Stakeholders and Substitutes

Pepsi's vision is to "beat Coca-Cola". Although Coca-Cola has a large market share, Pepsi is its biggest competitor in carbonated beverages. Coca-Cola must push forward to avoid being replaced by other competitors.

For Coca-Cola, their existing market share (sugary and caffeinated Coke and other products) will reduce a lot of demand. At the same time, there will be more strong competitors in the new market (such as the sugar-free products of Genki Forest and Pepsi), so they need to create as many kinds of new products as possible in a short time to seize market share (they have launched up to 30 sugar-free products in Japan this year, such as sugar-free coffee and soda, etc.). Further more, according to Marketingedge, Coca-Cola Co. boosted worldwide ad spending by 12.2% in the first nine months of 2022 as against 2021, according to figures in a quarterly regulatory filing [3]. The advertising spend is in line with a 12.6% increase in the beverage giant's revenue. Although Coca-Cola Company's sales were threatened by Pepsi, other substitutes, and COVID-19, they still spent \$4.7 billion on advertising in order to continuously strengthen their brand in society and people's hearts of choice status, which can expand market influence and market sharing.

4. Social, Legal and Technological Factors in PESTLE Analysis

4.1. Social Factors Combined with Diversification in Ansoff Matrix

According to a 2021 report by the World Health Organization (WHO), the top reason consumers choose diet drinks is that they believe they are healthier, accounting for more than 78%. There are also consumers who need to control their sugar intake for health reason, such as losing weight or suffering from diabetes, actually for their health [4].

Many consumers believe that diet drinks have "zero sugar" and "zero calories", which allow them enjoy the pleasure of sweet food without worrying about gaining weight, and are much healthier than ordinary sugary drinks. So, as one of the world's largest beverage companies, Coca-Cola Company chooses the strategy of diversification in the Ansoff Matrix. In addition to Coke, the products of the Coca-Cola Company also include mineral water, juice, coffee, tea and other diversified products. Minute Maid, Fanta, Water sports and so on are all subordinate products that are healthier than Coke. Coca-Cola created new products (Minute Maid, Fanta and other new products, in 2000 alone, Coca-Cola launched 15 new beverage varieties in 45 Asian countries) and new markets (coffee, juice, etc.). The advantage of this marketing method of the the Coca Cola Company is that the competition coefficients in these new markets are smaller, but the risk will be higher, and as a result, the profit will be the biggest.

4.2. Legal Factor

According to a WHO research on the issues surrounding childhood obesity, governments are tightening their restrictions for the marketing of food and non-alcoholic beverages to children. 49 of the 177 countries surveyed in 2015 had laws in place that forbade the marketing of food and drink to children [5]. The remaining regulations were optional or determined by the business. This number increased to 67 nations in the year 2017 [among which 45 have state policies]. Plenty of areas restrict the selling of carbonated beverages, and as a result, the demand for Coca-Cola will decrease. So, in order to improve its image internationally and gain more loyal customers, Coca-Cola strives to make significant progress in eliminating plastic waste, reducing carbon emissions (Coca-Cola Company, n.d.), ensuring access to clean water and achieving racial equality [6].

4.3. Technological Factors

With the continuous improvement of machinery and technology in the glass manufacturing and glass printing industries, the supply efficiency of Coca-Cola has greatly improved. Coca-Cola has factories in Britain with top of the name machinery to ensure fast delivery times and quality product development.

In 2016, they could only produce 1.7 billion glass bottles of Coca-Cola. But with the development of technology, they could supply more than 3.9 billion bottles of Coke a year in 2021.

5. Enterprise Life Cycle (ELC) for Coca-Cola Company

Coca-Cola has reached a developed stage. Not because the cola product has fallen out of favor but rather because more and more people are realizing that it is not a healthy alternative, the cola market is saturated with slow or stagnant growth.

“As one of the world's largest beverage companies, Coca-Cola released financial results in 2022 showing that the company's net revenue in 2014 was 45.998 billion dollars, down 2% from 46.854 billion dollars in 2013”. According to PhoenixNet, it shows a decline in the industry life cycle, which means that the macroenvironment of the carbonated beverage market is in a decline stage [7].

Coca-Cola has implemented a number of marketing methods to lengthen its market life cycle. Online media platforms are improved greatly as the Internet business matures, and more and more substantial leisure food and beverage consumer groups are increasingly supporting this platform. Many food manufacturers are concentrating on how to select and use the network media platform to market their own brands and products.

In 2005, Coca-Cola launched the online platform ICOKE, which combines the traditional marketing model with the Internet platform. Coca-Cola creates an online community for consumers through a variety of ICOKE-themed activities and employs innovative capabilities to engage with young customers via different platforms to improve their awareness of the Coca-Cola company.

6. Conclusion

As their material standard of living improves, consumers prefer sugar-free and caffeine-free healthy beverage products to improve their quality of life. Through SWOT analysis and the corporate life cycle, Coca-Cola has gained a large number of loyal consumers in this market environment through such measures as establishing its brand image, solving natural pollution and joining the FIFA World Cup as a sponsor. Even in different age groups, many consumers are still willing to pay for Coca-Cola. In several examples of PESTLE's analysis, Coca-Cola tries to acquire other brands in different global health beverage industries, so as to gain profit efficiency more effectively and quickly than Coca-Cola's own development of new products and occupy a certain market share. Meanwhile,

Coca-Cola, the giant soft-drink brand, is also developing new products that appeal to the public. What is more important is that the Coca-Cola Company was able to seize every opportunity and develop its own response strategy, allowing it to always have a larger market share than competitors or substitutes in a new market. Although the case analysis in this paper is one-sided, it is expected that future studies will make a more complete analysis in the future and it is believed that Coca-Cola Company will become better and better through its correct management strategy and long-term view.

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