

# ***Analysis of the Effect of Marketing on Enterprise Brand Establishment: Take Coca-Cola as an Example***

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**Abstract:** Coca-Cola is a fantastic illustration of how powerful marketing can establish a brand and foster consumer devotion. The success of the business is largely a result of its ability to forge an emotional bond with its clients through its marketing initiatives. The research analyzes the marketing strategies of Coca-Cola using literature analysis. It concludes that brand recognition and brand loyalty have been greatly increased by Coca-Cola marketing activities. In its history, the corporation has produced some of the most recognizable and famous advertising campaigns, including the "Share a Coke" and the "Mountain Top" ads. Through these initiatives, Coca-Cola was able to engage with its consumers on a more personal level, which aided in solidifying the company's brand image. The company's market share was also increased in part by Coca-Cola's marketing initiatives. Due in great part to the company's marketing initiatives, Coca-Cola's products hold the largest market share for carbonated beverages. The business has been successful in efficiently promoting its goods and building a strong brand identity that appeals to customers. Additionally, Coca-Cola's marketing strategy has placed an emphasis on enhancing the company's reputation as well as promoting its products. With bottlers and partners, as Santa Claus, and in performances during World War II, Coca-Cola has participated in a variety of social and cultural endeavors. These initiatives have helped to create a positive image for the company and increase the loyalty of Coca-Cola fans.

**Keywords:** Coca-Cola, marketing, brand identity, brand loyalty

## **1. Introduction**

From its beginnings as a medicinal beverage in 1886, Coca-Cola has grown to a company with a wide range of flavors and a tremendous worldwide presence, with Coca-Cola ranking first in global sales of carbonated beverages [1]. Coca-Cola's success as a company that has survived for centuries is inextricably linked to the continuous innovation and improvement of Coca-Cola's business model. Coca-Cola has innovated by creating new products such as Fanta and Sprite, which have attracted more new customers and increased Coca-Cola's competitiveness with other companies [2]. Coca-Cola's success was not only in its constant innovation and making new products, but also in its marketing, where Coca-Cola had a unique vision that other companies did not have and was able to find opportunities to expand its influence when other companies were struggling instead. For example, Coca-Cola is effectively a syrup-only company, and when Coca-Cola opens a market, it will seek out the largest bottlers in the area as partners. These bottlers would use their local connections to

maximize Coca-Cola's marketing. This type of marketing allowed Coca-Cola to reduce the risks it had to take when opening new markets and to quickly increase its local visibility. In addition, during World War II, most carbonated beverage companies experienced a significant decrease in sales. However, Coca-Cola's sales increased rather than decreased, and Coca-Cola's profits increased during World War II. This is inextricably linked to the marketing opportunities that Coca-Cola seized. The Coca-Cola Company demonstrated its support for the U.S. government through various propaganda efforts during World War II. This act helped Coca-Cola gain the power to make sugar without restrictions [3, 4]. Coca-Cola's marketing approach also unified people's perceptions of Santa Claus around the world by changing the image of Santa Claus [5]. This increased Coca-Cola's influence on the world and boosted people's consumption of Coca-Cola. However, as Coca-Cola continued to grow, more and more Coca-Cola, Sprite and other products were sold to the public. Consumers who consume Coca-Cola have found that long-term consumption of Coca-Cola can have bad effects on the body and the environment, such as the environmental hazards of plastic bottles and the side effects of long-term Coca-Cola consumption on the body [6, 7]. In this article, the marketing approach of Coca-Cola is explored and analyzed to find out why Coca-Cola is successful and has an untouchable position from other companies in terms of business value. It also analyzes the harmful effects of Coca-Cola on human health and the environment, and how to reduce the use of plastic bottles and introduce new types of Coke to solve these problems. In this way, Coca-Cola was able to improve its image and loyalty in the eyes of consumers. Coca-Cola can also attract more environmental groups and people of all ages to buy it.

## 2. Development of Coca-Cola

Founded in 1886, Coca-Cola is one of the most well-known beverage companies in the world. Carbonated beverages, fruit juices, tea beverages, etc. are some of its key offerings. It has a number of brands, including Coca-Cola, Sprite, Fanta, and others. According to financial information provided by Coca-Cola, the company's revenue for the years 2018 through 2022 will be \$3.185 billion, \$3.727 billion, \$3.303 billion, \$3.430 billion, and \$3.741 billion, respectively. The respective net incomes will be \$643 million, \$699 million, \$702 million, and \$824 million. Due to the COVID-19 epidemic, Coca-Cola's revenue growth rate is essentially flat, with revenue falling in 2019 and revenue and profit falling in 2020. However, revenue and profit both increase significantly in 2021 [8]. Coca-Cola, a market leader in the beverage sector, faces intense competition. It enjoys widespread brand recognition, a wide range of product offerings, and a sizable part of the global market. However, Coca-Cola is also constantly releasing new goods, such as low-sugar and sugar-free beverages, to suit market demand due to the rising health consciousness and market rivalry. Coca-Cola caters to a diverse group of consumers, including people of all ages and socioeconomic groups. Young people and teenagers are its primary target market, but it is also broadening its appeal to other consumer groups. In the global market, Coca-Cola faces challenges from its competitors. For example, brands such as PepsiCo and Red Bull also have a share of the beverage market and are particularly competitive in certain regions and market segments [1]. Therefore, Coca-Cola needs to continuously innovate and improve to stay competitive in the market.

Coca-Cola insisted on selling at low prices for a long time. Making Coca-Cola available to people from all walks of life. Most people around the world can afford to buy Coke no matter where they are poor. Coca-Cola has not raised its prices for decades, selling a 500ml bottle of Coke for 0.5 cents for a long time, and also introducing 2L and 3L large bottles of Coke to attract new customers by selling more at a lower price. Not raising prices also kept customers sticky in case they would move to other drinks after the price increase. By selling more at a lower price, Coca-Cola not only absorbs and retains many things consumers but also forms a strong protective layer. If other companies want to make Coke, then this company must invest a lot of money to make more Coke and have a high sales

volume to lower the unit price of Coke to attract buyers in order to have a chance to compete with Coca-Cola [9]. So the success rate of this company is very low, because the price and influence of Coca-Cola and Pepsi are already very difficult to be shaken by other companies.

### 3. Analysis of Marketing Strategies

Coca-Cola and the bottlers developed together. In the beginning, Coca-Cola only sold syrup, which was then transported to each store, and a merchant came in to add soda to make Coca-Cola. But because each merchant added soda and Coke syrup by hand each time they made Coca-Cola, there were many differences in the taste of each bottle. Thomas and Whitehead went to Candler and signed a contract that would allow them to represent Coca-Cola for sale. The two shared this agency sales channel with the bottlers and profited from it after this. After this, the marketing of Coca-Cola changed completely from some small businesses buying and making Coca-Cola on their own to the bottlers making Coca-Cola on a uniform basis. Coca-Cola's bottlers reduced the variation in the taste of Coca-Cola that would otherwise be produced by small businesses. In the process of selling Coca-Cola, the bottlers found that Coca-Cola was a big seller. So they went crazy to make more Coca-Cola and even paid out of their own pockets to advertise Coca-Cola. This greatly increased Coca-Cola's popularity and Coca-Cola grew faster and faster as the bottlers promoted and sold more and more. After this, Coca-Cola continued its approach through the bottlers. When Coca-Cola wanted to open up a new market, it would go to the biggest local businessman to be the bottler. For example, when Coca-Cola first started to enter the Japanese market, they went to well-known companies such as Mitsubishi and Fuji to be the bottlers to sell. By partnering with local bottlers, Coca-Cola was able to reduce the risk of entering a new market, and at the same time, maximize local promotion and awareness [3].

Coca-Cola's cultural marketing. In the early days, the image of Santa Claus was not fixed, some were blue, some were yellow, and some were in the form of elves. When it comes to Santa Claus, people in different countries have different images of Santa Claus. But now when it comes to Santa Claus, it has become a fixed image in everyone's eyes wearing red and white dress pants [4]. The reason why people have such an image of Santa Claus is because of the Coca-Cola Company. Through cultural marketing, Coca-Cola started various advertisements at Christmas time, dressing Santa Claus as a tall, fat man with a thick belt and black shoes, and wearing the red Coca-Cola suit. In the community, they distributed many free Santa cardboards to everyone. Through their influence, the bottlers also partnered with schools to distribute free Christmas cards and gifts to children with the Coca-Cola and Santa logos on them. This way the children's impression of Santa Claus made by Coca-Cola is reinforced. After this promotion by Coca-Cola, the image of Santa Claus became what people know today. Through the advertisement of Santa holding a bottle of Coca-Cola, Coca-Cola not only increased its production but also completely changed and unified the image of Santa Claus in everyone's mind.

Coca-Cola's patriotic marketing approach. During World War II, when Japan attacked Pearl Harbor and many American soldiers were sent to the front lines, Robert W. Woodruff recognized this as an opportunity and immediately made a statement that in support of America's controversial war, Coca-Cola would guarantee each soldier a bottle of Coca-Cola for only five cents wherever they went [3]. Coca-Cola used radio programs to promote its support for the U.S. war against the war. At the time, due to policy, the sugar needed to produce Coca-Cola was restricted, but through some of these acts of support for the country, the restrictions on the sugar used by Coca-Cola were lifted. Throughout World War II, Coca-Cola established 64 bottling plants in various exhibition areas and sold a total of more than 10 billion bottles of beverages. Coca-Cola's profits were \$1.235 billion higher than Pepsi's during the same period [3]. Coca-Cola has a much higher patriotic aspect and status than Pepsi.

#### 4. Disadvantage of Coca-Cola's Strategies

Although Coca-Cola has improved the quality of taste and optimized its packaging, it has gone from reusable glass bottles to single-use plastic bottles and other materials. Plastic bottles are a common beverage packaging material and are very popular among consumers due to their convenience, lightweight, and good salability. These materials have a lighter mass than glass bottles and do not need to be recycled like glass bottles, which greatly reduces transportation costs, but this undoubtedly has many negative impacts on the environment. Plastic bottles are extremely harmful to marine pollution [5].

Within 40 minutes, the body absorbs all the caffeine in Coke. This caffeine causes pupils to dilate and blood pressure to rise. At this point, Coca-Cola has blocked the adenosine receptors in the brain, preventing sleepiness [5]. After only 5 minutes, dopamine production increases. Dopamine is a neurotransmitter that helps control the brain's pleasure and reward centers. According to the infographic, Coca-Cola stimulates these centers in a way that is comparable to the effects of heroin. It triggers an urge to drink another can [5]. An hour after the drink is consumed, the sugar will begin to crash, causing irritability and sleepiness.

#### 5. Suggestion

Coca-Cola, one of the world's largest beverage companies, plays an important role in reducing the use of plastic bottles and mitigating environmental pollution. To achieve this goal, the company could work with its partners and stakeholders to implement sustainable solutions that limit the use of plastic bottles. One potential partner could be fast-food giant McDonald's, which sells Coca-Cola products in its restaurants. By encouraging customers to switch from single-use plastic bottles to recyclable ones, McDonald's could help reduce the amount of plastic waste generated by its operations. The company could also stop offering plastic bottles altogether and instead offer alternative packaging options such as glass or aluminum containers. This move would not only reduce the use of plastic bottles, but also help educate consumers about the importance of recycling and sustainable packaging. In addition, Coca-Cola and its partners could consider charging a higher fee for take-out packaging, including plastic bottles, to encourage customers to bring reusable containers. This approach has been successful in some countries, where customers pay for plastic bags at grocery stores, resulting in a significant reduction in single-use plastic waste. By implementing this strategy, Coca-Cola can incentivize customers to become more aware of their environmental impact and encourage sustainable habits. Coca-Cola could disclose the types and amounts of materials it uses, including the amount of single-use plastic packaging, reusable packaging and recycling rates. This information will allow consumers and stakeholders to make informed decisions about their consumption habits and hold the company accountable for its environmental impact.

Many countries have implemented deposit return systems (DRS) to reduce the amount of plastic waste generated by single-use beverage containers. Germany, Sweden and Denmark are among the countries that have successfully implemented DRS, a system that adds a small deposit to the sale of bottled beverages and returns the deposit to the customer when the bottle is returned. This approach has proven to be effective in reducing plastic waste and increasing recycling rates. Coca-Cola should prioritize the use of reusable packaging, such as glass bottles that can be reused up to 50 times, or refillable containers, which can significantly reduce plastic waste. In addition, Coca-Cola should encourage product launch systems that better promote packaging reuse. Coca-Cola should also learn from the success of DRS systems in other countries. By providing incentives for customers to return used bottles, Coca-Cola could significantly increase recycling rates and reduce the amount of plastic waste generated by its operations [10].

Coca-Cola can use extensive market research to identify the specific needs and preferences of different age groups and create new colas that target different groups. For example, by creating Coca-Cola for teens, adults and seniors, Coca-Cola can meet the specific needs and preferences of different age groups while also expanding its product range. A Coke formula for teens could be designed with lower levels of sugar and caffeine, while a Coke formula for seniors could be designed with added vitamins and minerals. This approach not only addresses the specific needs and preferences of different age groups, but also has the potential to provide health benefits. In addition, this strategy could help Coca-Cola appeal to a wider range of consumers. By offering different variants of Coke that cater to different age groups, the company can attract new consumers who may not have previously been interested in its products. This approach could also help offset the negative health connotations associated with sugary drinks and provide a more positive image for the brand.

## 6. Conclusion

In conclusion, Coca-Cola's commitment to low prices has made it a global brand that is accessible to people from all walks of life. By keeping prices low, Coca-Cola created a competitive advantage over other brands, attracting new customers and retaining its existing customer base. This pricing strategy enabled The Coca-Cola Company to dominate the soft drink market. In addition, Coca-Cola's partnerships with bottlers have been critical to its success. These partnerships allowed The Coca-Cola Company to reduce flavor variations and maximize local promotion and awareness. By partnering with local bottlers, Coca-Cola has been able to enter new markets with less risk and increase its production and sales volume. This approach has allowed The Coca-Cola Company to maintain its position as the world's leading soft drink brand. In addition, Coca-Cola's cultural and patriotic marketing techniques have further strengthened its brand image and position. By promoting its products during the Christmas season and using Santa Claus as a marketing tool, Coca-Cola has become an important part of the holiday celebrations. Similarly, Coca-Cola has become associated with American patriotism and values by promoting its products and supporting the military during World War II. However, in recent years, Coca-Cola's reliance on single-use plastic bottles has come under scrutiny. The company has been criticized for causing environmental pollution and harming marine life. Coca-Cola should work with its partners to reduce the use of plastic bottles and explore alternative materials and packaging options. By doing so, Coca-Cola can reduce its environmental impact and demonstrate its commitment to sustainability. In addition, Coca-Cola should consider catering to different age groups' specific needs and preferences. By producing low-sugar and caffeine products for teens and vitamin and mineral-rich products for seniors, Coca-Cola could expand its product range and appeal to a wider range of customers. This approach will also help offset the negative health connotations associated with sugary drinks and provide a more positive image for the brand. This study analyzes the secret of Coca-Cola's marketing success, and also provides valuable suggestions for Coca-Cola's current problems. At the same time, Coca-Cola's marketing advantages can also be used for reference by other beverage companies. However, Coca-Cola is a very large group company, and the marketing strategy of this study is not classified and discussed according to the product types of Coca-Cola. Future research can make further classification analysis on the basis of this study.

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