

Introduction

Coca-Cola has been an intricate part of American culture for over a century. The Coca-Cola is the world's biggest drinks company, controlling more than half the global soft drinks market. However, Coca-Cola has had one main brand competitor PepsiCo that has been keeping the Coca-Cola on its toes. Moreover, Cola is currently in the maturity stage as worldwide consumers developed a taste for other beverages. This essay will conduct an external and internal analysis and evaluate the implications this has on the Coca Cola marketing mix.

SWOT Analysis

SWOT analysis is a technique much used in many general management as well as marketing scenarios. SWOT consists of examining the current activities of the organisation, its Strengths and Weakness, and then using this and external research data to set out the Opportunities and Threats that exist.

Strengths

The extremely recognisable branding is one of the Coca-Cola's strengths. They have its unique logo and According to the Times Coca-Cola brand has 94% recognition in the world. (http://www.thetimes100.co.uk/case_study.php?cID=3&csID=72)

Probably the best well-known individual brand in the world today, Coca-Cola is also much more than a soft drink. According to the recent research,

“Coca-Cola Ware is produced in Italy, under licence from Coca-Cola, using the same fabrics and design processes as its sister company Replay.” (Dibb, 2006, p36)

The Coca-Cola image is displayed on T-shirt, hats and collectible memorabilia.

Also, Coca-Cola’s bottling system is one of their greatest strengths. It allows them to conduct business on a global scale while at the same time maintain a local approach.

The bottling companies are locally owned and operated by independent business people who are authorised to sell products of the Coca Cola Company. Because Coke does not have outright ownership of its bottling network, its main source of revenue in the sale of concentrate to its bottler (Bettmanm, 1998)

Weaknesses

However, Coca-Cola is facing some problems like other international organisations. Moreover, consumer purchasing power should not be ignored, which represents a key weakness in the industry. For example, Coca-Cola has recently reported some

“declines in unit case volumes in Indonesia and Thailand due to reduced consumer purchasing power.” (Mclean, 1998)

On the other hand, Coca has effects on the teeth's which is an issue for health care. It also has got sugar by which continuous drinking of Coca Cola may cause health problem. Nowadays, customers are more educated and are concerned of what they buy. Customers want to have healthier lifestyles. As a result, there is a new competitor forthcoming called “Smoothie”. These healthy orientated organisations will keep Coca-Cola Company on its toes. Moreover, Coca-Cola Company is not seen as an ethical business as drinking of Coca-Cola daily has an effect on consumer's body. In turn, this has a negative impact on the company.

Opportunities

However, brand recognition is still the significant factor affecting Coke's competitive position. According to the World Advertising Research Centre (2004, p328), the Coca-Cola is placed rank1 in the UK's top 20 biggest consumer brands. Coca-Cola's bottling system also allows the company to take advantage of infinite growth opportunities around the world. This strategy gives the company the opportunity to service a large geographic diverse area.

Also, Coca-Cola can be used in many different ways. One example is that Coca-Cola is mixed with other drinks such as whisky which is popular among young alcohol drinkers.

Threats

Although, there are many opportunities to the company, there is a definite competitive rivalry defined between Coca-Cola and other companies. The first one that comes up in everyone's head is Pepsi-Cola which has continued on for nearly a century. Sindh Beverages Ltd. Claims that Pepsi Cola today is available to more than a billion people in 153 different countries which include the central independent states and China.

Pepsi Cola produces its wares too. They have a great website which advertises its wares, but also to build its brand.

“Daily, a quarter of a million consumers log on to enjoy Pepsi.com's ever-changing mix of entertainment, promotions, games, merchandise offers and new product information.”(Dibb, 2006, p522)

Millions audiences log on to see Pepsi Cola's advertisement featuring world

celebrities such as Britney Spears, Pink, Beyonce and David Beckham. The web has provided advertising executives with the opportunity to interact with the specific target audience for Pepsi Cola.

Moreover, consumer purchasing power should not be ignored, which represents a key threat in the industry. Also, the rivalry between Coca-Cola and Pepsi-Cola has produced a very slow moving industry in which management must continuously respond to the changing attitudes and demands of their consumers or face losing market share to the competition. Furthermore, consumers can easily switch to other beverages with little cost or consequence. (ibid)

PEST Analysis

There are a number of models for prescribing general environmental factors. One in common use in the UK is PEST which stands for Political, Economical, Social, Technological.

Political

The government plays a role within the operation of manufacturing these products in terms of regulations. There are potential fines set by the government on companies if

they do not meet a standard of laws. The production, distribution and use of many of Coca-Cola product are subject various federal laws, such as the Food, Drug and Cosmetic Act, the Occupational Safety and Health Act. The business is also subject to state, local and foreign law which means the Coca-Cola is also subject to the taxation policy and environmental laws and regulations in each country they are operating.

Economical

Economic force in the marketing environment influence both marketers' and customers' decision and activities such as

“the effects of general economic conditions, also focusing on buying power, willingness to spend and spending patterns.” (Dibb, 2006, p82.)

Also, if the interest rates are low, Coca-Cola can borrow money for investing in other products. It can use the borrowing on research of new products or technology.

As researching for new products would cost less, the Coca-Cola Company will sell its products for less. Therefore, the people will spend as they would get cheap products from Coca-Cola.

Social

Society becomes concerned about marketers' activities when those activities have questionable or negative consequences. Social change involves changing, attitudes and lifestyle. The increasing number of women going out to work, for example, let to the need for time saving products for the home. People will prefer to drink Diet Cola or a bottle of water to alcoholic drinks. Also, a bottle of Coca-Cola gives customer more convenient. (ibid)

Technological

Introduction of cans and plastic bottles have increased sales for Coca-Cola as these are easier to carry and you can bin them once they are used

As the technology is getting advanced, the development of technology gives the effectiveness of company's advertising, marketing and promotional programs. For example, the internet and television allow the Coca-Cola Company to use special effects for advertising through media.

The Advanced Technology Development Center(ATDC) at Georgia Tech and the Coca-Cola company have launched a new generation of business incubator that will

provide qualifying start-up firms a unique environment for accelerating their growth.

Marketing Mix

The marketing can be defined as

“the management process responsible for identifying anticipating and satisfying customer requirements profitably.”

The definition of Marketing Mix is

“The tactical ‘toolkit’ of the marketing product, place, pricy and promotion variables that an organisation can control in order to appeal to the target market and facilitate satisfying exchange.” (Dibb, 2006, p20.)

Product

Product is the range of goods or services that the organisation offers to the marketplace. The product is a key element of the marketing mix and is central to a company’s marketing proposition. Also, decisions have to be made about quantities, timing, product variations, associated services, quality, style and even the packaging and branding. The product Coca-Cola also known as Coke is the most popular and

biggest-selling soft drink in history, as well as the best-known product in the world.

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With regard to product, potential sales can be estimated for entire products lines such as Coca-Cola, Coca-Cola Classic, Diet Coke, Diet Caffeine-Free Coke and Cherry Coca-Cola. Also, the company does not produce only soft drinks but, wares, hats.

Place

Place is delivering of product to the place where it is convenient for the customer to get it. Coca-Cola and its products are made available to consumers in a variety of locations. Coca-Cola is everywhere so that people take a moment of simple refreshment from Coca-Cola products millions of times ever day. As Coca-Cola is sold everywhere where you go, people can buy them easily from the corner shops, vending machines, supermarket, and grocery stores and so on.

Price

Price is a vitally important decision area because although it is a promotion tool in many respects, it is the main source of income to the organisation. It would be hard to mention of Coca-Cola prices as it might depend on the places and type of promotion. A bottle of 2 Litre Coca-Cola costs slightly more than 1 pound. However, it might be lowered for promotional purposes in some places. Coca-Cola uses a competitive pricing policy as it is an established product so it does not have to skim it or use penetrating price.

Promotion

Several types of promotional methods can be used to communicate with individuals, groups and organisations. The four traditional ingredients of a promotional mix are advertising, personal selling, publicity/public relations and sales promotion. Increasingly, sponsorship and direct mail are elements of the promotional mix in their own right. The internet and direct marketing are recent additions to the promotional mix. (Dibb, 2006, p520)

To maintain its image, Coca-Cola spends 1 billion dollars annually on its advertising. For example, they used the non traditional vehicle to reach their consumers,

"When it placed on advertisement for Diet Coke in the introduction to the home video version of the blockbuster Batman"(Dibb, 2006, p.528)

They believed, it would sell more than 10 million copies of video cassette, exposing millions of consumers to the Diet Coke message at a low cost per person and it certainly went successful.

Also, Coca-Cola Company is working to change customer perceptions created by deeply discounted promotional offers. By focusing promotion on a variety of packages, such as 2-liter pet, and multi-pack can combinations, they continue to move away a confidence on 12-pack cans to a multi-package strategy. This provides attractive prices for consumers while enhancing profits for their customers and the company. Due to this promotion policy the sales have risen for Coca-Cola since 2002.

(<http://www.fatwallet.com/t/45/571294/>)

Conclusion

One of the most important ideas in marketing is the understanding of customer needs and desires. Coca-Cola Company provides refreshment for all the people on the earth

and Coca-coca does more than soft drinks. They have maintained its traditional image and the same original logo. They have strong brand recognition and loyal customers.

However, PepsiCo has been keeping the Coca-Cola on its toes and the changing health consciousness of the market could have a serious effects.

(1859 words)

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