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1. TERMS OF REFERENCE

The marketing management uses marketing strategies in order to meet the customer's needs. The marketing strategy involves pricing, advertising, branding, packaging, publicity, public relations (PR), sales promotions, merchandising, and distribution. Satisfying the customers by differentiating their product to competitors using the Marketing Strategy. The marketing plan usually covers following elements:

- How the strategy is based on the principles of marketing
- How marketer used sources of primary and secondary marketing information
- How marketer analysed the marketing context and decided on an appropriate strategy
- How marketer would develop a coherent strategies to meet consumer needs
- An evaluation of the reliability of the different marketing strategies used

2. EXECUTIVE SUMMARY

The marketing campaign for the project is going to be devised for the Coca-Cola Company.



Figure 1. Coca-Cola Trademark

The company is the largest manufacturer, distributor and marketer of nonalcoholic beverage concentrates and syrups in the world. Finished beverage products bearing its trademarks (Figure 1), sold in the United States since 1886, are now sold nearly 400 brands in more than 200 countries and include the leading soft drink products in most of these countries.

The project focuses on analysis of reasons for the company's performance, providing PEST, SWOT, and marketing models analyses to examine its external and internal environments via diversified analyses directions. The project also evaluates company's segmentation, targeting and positioning, subsequently provides the recommendations.

3. BUSINESS OBJECTIVES

Coca-Cola Company articulates its missions as a promise: **Our Company exists to benefit and refresh everyone it touches**¹. The project generalizes company's basic objectives as six items, and how they can be achieved are as follows:

- **Accelerate carbonated soft-drink growth, led by Coca-Cola**

Coca-Cola is the eternal topic and foundation of the Coca-Cola Company. Therefore, maintaining the markets of Coca-Cola and other carbonated beverages is basal company objective.

- **Selectively broaden company's family of beverage brands to drive profitable growth**

Under the precondition of profit producing, providing new brand and product worldwide to expand market and earnings ensures company's growth.

- **Grow system profitability and capability together with the bottling partners**

One approach of Coca-Cola Company's globalisation is its worldwide bottling system; therefore, guaranteeing the bottlers' operation status is important to company's development.

- **Serve customers with creativity and consistency to generate growth across all channels**

'Valued Customer', the basic philosophy of Coca-Cola Company, is also one of internal factors that it can grow up to a global enterprise.

- **Direct investments to highest-potential areas across markets**
- **Drive efficiency and cost effectiveness everywhere**

¹ Sourced by www.coca-cola.com

4. EXTERNAL MARKETING REVIEW

4.1. MACROENVIRONMENT (PEST Analysis)

PEST² examines changes in beverage marketplace as follows (Table 1):

Political Factors	Economic Factors
<p>Some factors could cause Coca-Cola Company's actual results to differ from expected results:</p> <ul style="list-style-type: none"> • Changes in laws and regulations, including changes in accounting standards, taxation requirements, and environmental laws in domestic or foreign jurisdictions. • Changes in the non-alcoholic business environment, e.g. without limitation, competitive product and pricing pressures and their ability to gain or maintain share of sales in the global market as a result of action by competitors. • Political conditions, especially in international markets, including civil unrest, government changes and restrictions on the ability to transfer capital across borders. 	<ul style="list-style-type: none"> • Before September 11, 2001, the US was starting the economy recover slightly and it is only just recently that they achieved the economic levels. Consumers are now resuming their normal expending habits. However, many are still handling their money cautiously. They believe that with lower inflation still to come, consumers will recover their confidence over the next years. • The non-alcoholic beverage industry has high sales in countries outside the U.S. "For major soft drink companies, there has been economic improvement in many major international markets, e.g. Japan, Brazil, and Germany."³ These markets will continue to play a major role in the success and stable growth for a majority of the non-alcoholic beverage industry.
Social Factors	Technological Factors
<ul style="list-style-type: none"> • Many citizens are practicing healthier lifestyles and increasingly concerned 	<ul style="list-style-type: none"> • The new technology of Internet and television that use special effects for

² PEST: stands for Political, Economic, Social, and Technological

³ Sourced by the Standard and Poor's Industry Survey (2002)

⁴ Sourced by CDF (Children's Defense Fund) <http://www.cdf-mn.org>

<p>with nutrition. This has affected the non-alcoholic beverage industry in that many are switching to bottled water and diet colas instead of alcoholic beverages.</p> <ul style="list-style-type: none">• Time management has increased and is at nearly 43% of all households⁴. The need for bottled water and other convenient and healthy products are in important in the average day-to-day life.	<p>advertising through media. They make products attractive to help in selling of them.</p> <ul style="list-style-type: none">• Introduction of cans and plastic bottles have increased sales for Coca-Cola, as these are easier to carry and bin them once they are used.• Due to introduction of the advanced machineries the production of the Coca-Cola Company has increased tremendously.
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Table 1. Coca-Cola's PEST Analysis

4.2. MICROENVIRONMENT

4.2.1. Porter's 5 Forces Analysis⁵ (Figure 2)

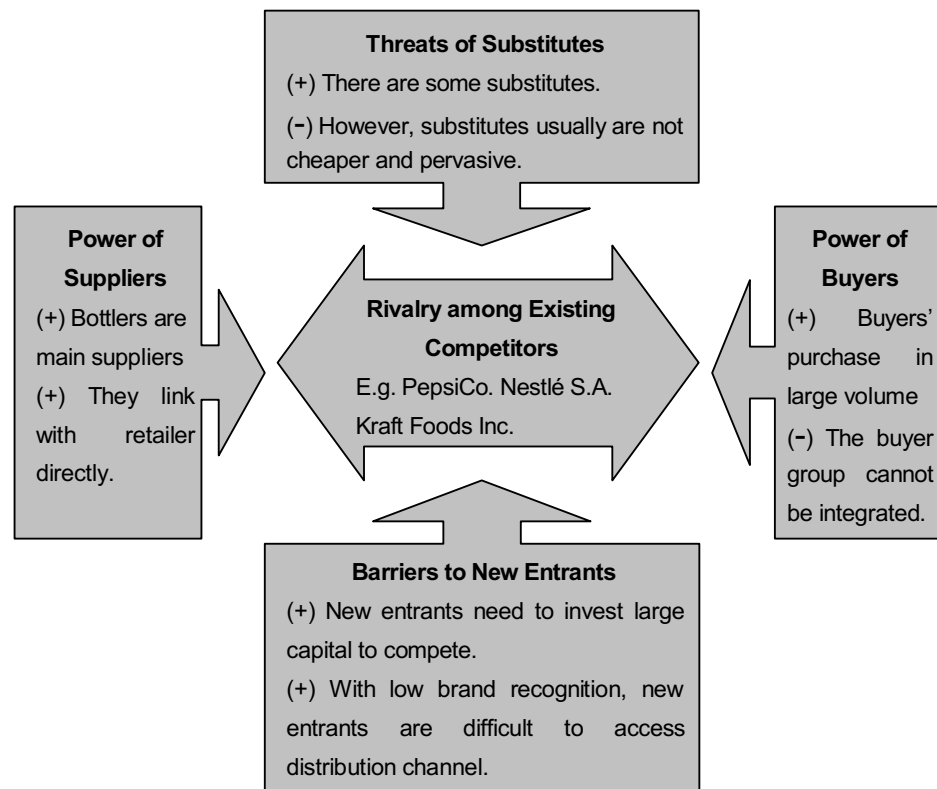


Figure 2. Coca-Cola's 5 Forces Analysis

4.2.2. Market Analysis

The global soft drinks market as a whole has been showing good growth in most regions in recent years (Figure 3), with particularly strong increases in emerging markets. The move away from alcoholic drinks and the relative inconvenience of hot drinks has caused a major move to packaged soft drinks of all kinds, which are deemed to be most suitable for consumption 'on the move' as part of today's busy lifestyles. Although certain sectors of the market are becoming fairly mature in many countries, manufacturers continue to innovate in order to maintain growth, with newer product categories such as RTD⁶ tea and coffee, energy and sports drinks, and other fortified and nutritional beverages beginning to establish themselves across the world.

⁵ Michael Porter's 5 Forces analysis, which focuses on the single, stand alone, and SBU (Strategic Business Unit), helps the marketers to contrast a competitive environment.

⁶ RTD: ready to drink

On the other hand, the global soft drink industry was valued at \$393 billion in 2001 and among the global soft drink sales, carbonated beverage was the largest market segment, with \$193 billion in sales in 2001. Fruit and vegetable drinks and bottled water shared second place with roughly sales of \$69 billion each in 2001.

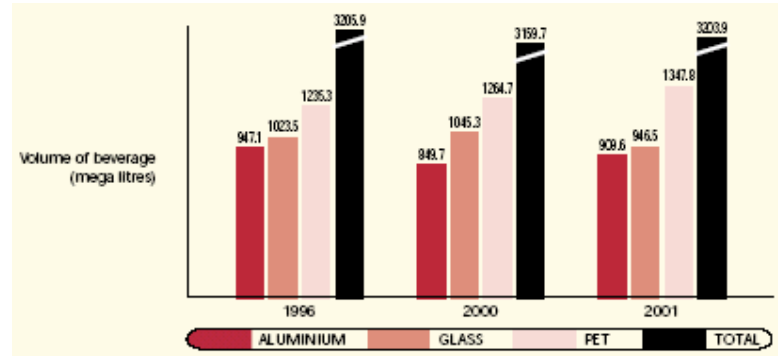


Figure 3. Global Beverage Volume Trend

4.2.2. Customer Analysis

As Coca-Cola has the most recognized brand name in the world with 94% recognition. Coca-Cola system has millions of customer's around the world who sell or serve Coca-Cola to consumers. Customers for Coca-Cola include retail outlet, restaurant, or other operation that buys Coca-Cola products and in turn, sells or serves these products to consumers. It also includes retail shops, grocery stores, mass merchandisers, off-licence shops, pubs, hotels, convenience stores, etc. These customers are all over in the 200 countries. 'The Coca-Cola Company seeks to provide refreshment for all the people on the earth'⁷. Coca-Cola is being targeted on all the age group. These segments of the market are being targeted by the mass advertising, sponsorships, helping the community, marketing schemes, etc.

4.2.3. Distribution Analysis

Coca-Cola Company has the world's largest bottling system of liquid non-alcoholic beverage. Company generally sells products to bottling and canning operations, distributors, fountain wholesalers and some fountain retailers (Figure 4). Company authorizes its bottling partners to manufacture and package products made from its concentrates and syrups into branded finished products, that they then distribute and sell.

⁷ Sourced by www.coca-cola.com

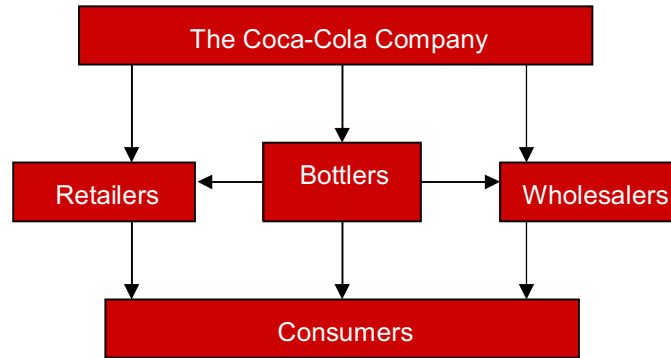


Figure 4. Coca-Cola's Distribution Flow

Because of its geographic diversity and the local nature of its business, Coca-Cola operates in markets with dramatically different consumer preferences, economic conditions, product delivery systems, retail trade customers, and marketplace opportunities. In spite of this diversity, the company's operations are bound together by two key goals: creating the highest quality products possible and superior marketplace execution.

4.2.4. Competitor Analysis

The nonalcoholic beverage industry is highly competitive, consisting of numerous firms. Competitive products include carbonates, packaged water, juices and nectars, fruit drinks, sports and energy drinks, coffee and tea, still drinks and other beverages. Competitors include bottlers and distributors of beverages marketed and advertised at international, national, regional and local levels, as well as chain store and private label beverages, which include PepsiCo, Inc. is a primary competitor of Coca-Cola Company, and other significant competitors include Nestlé S.A., Cadbury Schweppes plc, Groupe Danone and Kraft Foods Inc., and so likes.

Competitive factors with respect to Coca-Cola's business include pricing, advertising, sales promotion programs, product innovation, increased efficiency in production techniques, the introduction of new packaging, new vending and dispensing equipment, and brand and trademark development and protection.

Focusing on PepsiCo, whom has a nearly 36% global market share⁸ to challenge Coca-Cola. It has best balance of promotion, communication to their target audience through celebrities .

⁸ Sourced by www.pepsico.com

PepsiCo is in different market segment and product/promotion positioning as it is being mainly targeted on youth group. Its main pricing policy is to providing quality products at the lowest possible price so to limit any price increases to the retail trade to the lowest possible extent. Most of their sales are through their own direct store distribution systems, which give them the ability to merchandise their products for maximum appeal to consumers. Furthermore, PepsiCo take great care at every level to ensure that highest standards are met in everything they do. In their product, packaging, marketing and advertising, they strive for excellence because they think their customer deserves better quality products.

5. INTERNAL MARKETING REVIEW

5.1. SITUATION ANALYSIS

5.1.1. Brand and Product Ranges

Syrups, concentrates and beverage bases for Coca-Cola, the Company's flagship brand, and nearly 400 other Company soft-drink brands are manufactured and sold. Coca-Cola has become the world's most valuable brand⁹ (Figure 5).

THE WORLD'S TOP TEN BRANDS	
♦	Coca-Cola (\$67.3bn)
♦	Microsoft (\$61.3bn)
♦	IBM (\$53.7bn)
♦	GE (\$44.1bn)
♦	Intel (\$33.4bn)
♦	Disney (\$27.1bn)
♦	McDonald's (\$25bn)
♦	Nokia (\$24bn)
♦	Toyota (\$22.6bn)
♦	Marlboro (\$22.1bn)

Figure 5. BBC NEWS Report

5.1.2. Product Sales

In 2003, the Coca-Cola Company's worldwide unit case sales of its brands have grown to be 19.4 billion cases¹⁰ (Figure 6), and its net sales is over \$21 billion (Table 2).

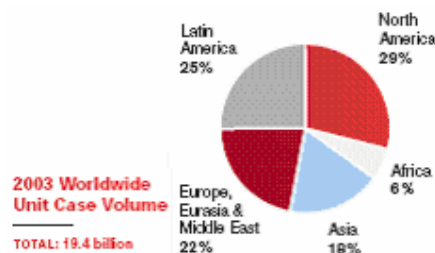


Figure 6. Unit Case Volumes of Geographic Divisions

⁹ Sourced by Interbrand's survey (2004)

¹⁰ Sourced by Coca-Cola 2003 Annual Report

	2003	2002	2001	2000	1999
Net Sales	\$21,044	\$19,564	\$17,545	\$20,458	\$19,805
Gross Profit	\$13,282	\$12,459	\$11,501	\$14,254	\$13,796

Table 2. Coca-Cola sales for the last 5 years (millions)

5.1.3. Markets and Penetration

The Coca-Cola Company and its subsidiaries operate in nearly 200 countries around the world, and more than 1,200 bottling partners established.

Until end of 2002, the world annual per capita consumption of company products is 74 cups¹¹, and company's worldwide number of employees is over 49,000¹² (Figure 7).

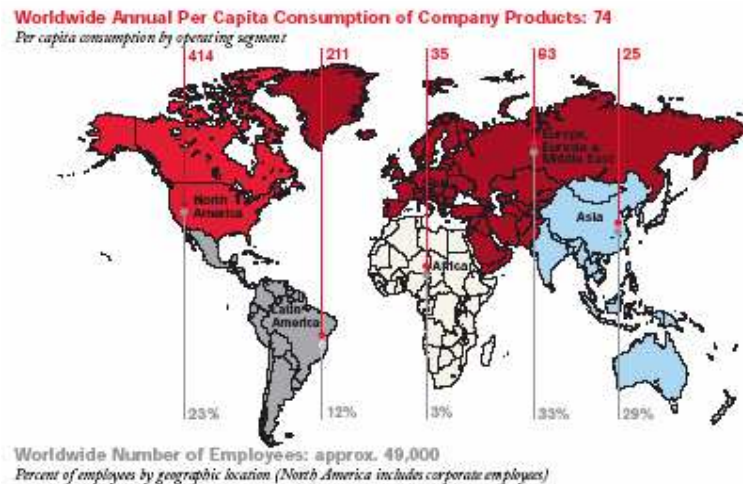


Figure 7. APCC & Percent of Employees by Geographic Divisions

Coca-Cola has a massive market share and an incredibly strong brand, appealing to all of the market (Figure 8).

- North America – 20% of Coca-Cola's operating income comes from US.
- Africa – The Company markets more than 80 brands in Africa, and the growths in recent years maintain over 5%.

¹¹ Sourced by Coca-Cola 2003 Annual Report

¹² Sourced by Coca-Cola 2003 Annual Report

- Asia – The Asia is the most profitable region for Coca-Cola, accounting for almost 30% of operating income.
- Europe, Eurasia and Middle East – EU is Coca Cola's second biggest market region in terms of both revenue and operating income.
- Latin America – Latin American countries are significant markets though Company must face the challenging economic and political climate.

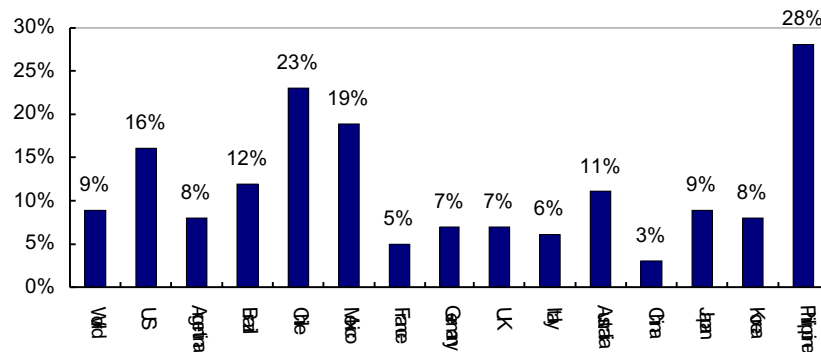


Figure 8. Coca-Cola shares in Beverage Markets

5.2. IMPLEMENTED STRATEGY

The strategy of The Coca-Cola Company has for a long time been best characterized as follows: global marketing and local manufacturing. However, the global marketing approach has been changed to local marketing because of the differences in consumer demands and experiences. To implement their '**Think Local, Act Local**' philosophy, which can be identified as **3P: Pervasiveness, Preference, Price to Value**¹³, can be explained as:

- Keeping on creating and delivering attractive brands to thirsty people everywhere.
- Locating decision-making & innovation at local level.
- By being based in values, earns consumers' trust and makes a significant contribution to bettering their communities.

¹³ Sourced by www.coca-cola.com

6. SWOT ANALYSIS

Coca-Cola Company's SWOT¹⁴ analysis as follow (Table 3):

Strengths	Weaknesses
<ul style="list-style-type: none"> • Coca-Cola has been a complex part of global culture. This is an image many people have taken deeply to heart. This extremely recognizable branding is one of greatest strengths. • The worldwide network of bottlers and distributors of Company products. • Sophisticated marketing capabilities and a talented group of dedicated employees. 	<ul style="list-style-type: none"> • Although domestic businesses and many international markets are thriving, Coca-Cola has recently reported declines in some markets due to reduced consumer purchasing power, e.g. Thailand, Japan. • Coca-Cola has effects issue for health care. It has got sugar by which continuous drinking of Coca-Cola may cause health problems, e.g. teeth.
Opportunities	Threats
<ul style="list-style-type: none"> • Brand recognition is the significant factor affecting Coke's competitive position. Coca-Cola's trademark is known well throughout 94% of the world today. The primary concern over the past few years has been to get this name brand to be even better known. • Packaging changes have also affected sales and industry positioning, but in general, the public has tended not to be 	<ul style="list-style-type: none"> • The threat of substitutes is a very real threat. The soft drink industry is very strong, but consumers are not necessarily married to it. Possible substitutes that continuously put pressure on both Pepsi and Coca-Cola include tea, coffee, juices, milk, and hot chocolate. • The changing health consciousness of the market could have a serious affect. Both Coca-Cola and Pepsi have

¹⁴ **SWOT**, Strengths, Weakness, Opportunities, and Threats, is a technique much used in many general management as well as marketing scenarios.

<p>affected by new products.</p> <ul style="list-style-type: none">● Coca-Cola's bottling system also allows the company to take advantage of infinite growth opportunities around the world. This strategy gives Coca-Cola the opportunity to service a large geographic.	<p>already diversified into above markets, allowing them to have further significant market shares and offset any losses incurred due to fluctuations in the market.</p> <ul style="list-style-type: none">● Consumer buying power represents a key threat in the industry. The rivalry between Pepsi and Coke has produce a very slow moving industry in which must continuously respond to the changing attitudes and demands of consumers or face losing market share to the competition.
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Table 3. Coca-Cola's SWOT Analysis

7. SELECTION OF STRATEGIES

7.1. MARKETING MODEL ANALYSIS

7.1.1. Product Life Cycle

Based on PLC¹⁵, Coca-Cola is currently in the maturity stage, which is evidenced primarily by the fact that they have a large, loyal group of stable customers (Figure 9). Cost management, product differentiation and marketing have become more important as growth slows and market share becomes the key determinant of profitability. In foreign markets the PLC is in more of a growth trend, Coca-Cola's advantage in these areas is mainly due to its establishment strong branding and it is now able to use this area of stable profitability to subsidize the domestic campaigns.

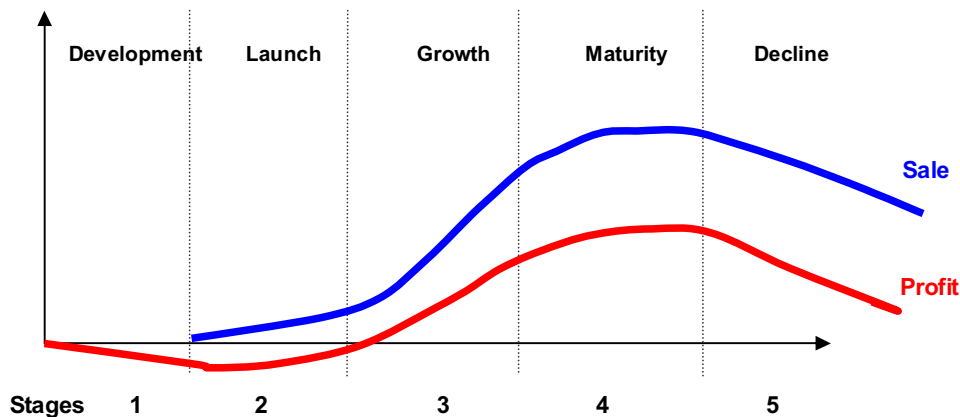


Figure 9. PLC of Coca-Cola products

7.1.2. Ansoff Matrix¹⁶

As previous analysed, Coca-Cola is a well-established company, who holding most valuable brand and strong market shares (Figure 10). It has to develop new markets for which it does not entry, and has to develop new product for the existing markets. Coca-Cola has to develop new product so to sell in the existing markets to make more profits. Development of new product would help company spread their risk and help in having more sales.

¹⁵ To be able to market its product properly, a firm must be aware of PLC of its product. The standard PLC tends to have five phases: Development, Launch, Growth, Maturity and Decline.

¹⁶ Ansoff Matrix: a future method of analysing product and market policies

		<u>Market</u>	
		Existing	New
<u>Product</u>	Existing	Market Penetration Or Expansion Coke	Extension
	New	Product Development	Diversification

Figure 10. Coca-Cola's Ansoff Matrix

7.1.3. Boston Group Matrix

		<u>Market Growth Rate</u>	
		Low	High
<u>Market Share</u>	Low	Question Mark <ul style="list-style-type: none"> - Low market share in a high growth market. - Cash required maintaining or increasing their market share to become stars; - It should be phased out 	Star <ul style="list-style-type: none"> - Highly profitable - Good market share - High growth rate - Growth stage of the PLC - Requires relatively heavy investment
	High	Dog <ul style="list-style-type: none"> - Low market share - Low growth rate - No longer profitable - Decline stage of the PLC - Need to be withdrawn 	Cash Cow <ul style="list-style-type: none"> - Produce a lot of cash - Maturity stage of PLC - Need less investment to hold market share - Cash 'milked' to finance investment in other products

Figure 11. Coca-Cola's BCG Matrix

Coca-Cola Company at this stage matches in the Cash Cows, as its huge annual cash flow and its the highest market share compared to its competitors. Second, it has a high growth rate due to its variety of other brands and its mass advertising. Third, as its large scale of profits, it invests heavy money to advertise and to keep their product on the No.1 position.

7.2. SELECT MARKETING STRATEGIES

PEST and **SWOT** analyses showed how changes are caused in the marketplace due to variable factors and Company self.

Product Life Cycle shows that Coca-Cola is at a stage of maturity where it has slow down in sales growth as it has achieved acceptance by most of the customers

BCG matrix recommends investing profits to produce new products and sell them in the market.

Ansoff Matrix recommends developing new products for the existing market coming up with ideas for new products for existing market.

The strategies will focus on the holistic ranges of Coca-Cola's brands and products, rather than focus on neither one or two new developed product nor new extended brand.

7.3. MARKETING MIX DECISIONS

7.3.1. Product

Excluding markets expansion, Coca-Cola Company is recommended to improve existing products (e.g. solve the health problem) and innovate new products (e.g. avoid seasonal sales except in summer). Second, keeping on its localised branding and producing strategy so to satisfy different customers and attract more prospects.

7.3.2. Price

Long-term objectives: depends how the organisation wishes to position itself in the market place, or how it wishes to establish itself financially

- Making a profit, for the stakeholders and for future investment
- Pricing to keep competitors out
- Pricing which positions the company at the premium end of the market
- Pricing to maximize sales and become the market leader

Short-term objectives: tactical, as in promotion and selling.

- Skimming – Charging high price for new products that at first has no competition.

- Penetrating – Coca-cola at this stage does not have to worry about this pricing as it is already well established.
- Competitive pricing – Coca-cola can redefine its prices to differentiate competitors.
- Destruction pricing – Knocking out the competitors by cutting prices, a process commonly known as price wars.

7.3.3. Distribution

Due to previous analysed, the Company's distribution system has relative competitiveness compared with main competitors, but only needs to prove in increasing ownerships of those bottling partners in order to avoid new competitors/entrants/substitutes to exist.

7.3.4. Promotion

For matching such strategies, the types of Coca-Cola's promotion are classified as follows:

Advertising – The most persuasive possible selling message to the right prospects (markets) for the product or service at the lowest possible cost. Company is recommended to increase advertising inputs and differentiate advertising schemes.

Branding – Branding is a method of identifying one product or service from another by creating a name, term, design or symbol (logo) which is unique to that product or service in your line of business. It creates an image that differentiates the product in the consumer's minds from the products of competitors.

Packaging – Packaging is a major aid to promotion and 'product presentation'. Repackaging with different targeted markets and customers groups so to attract the shopper's attention, especially at the 'point of sale'.

Sales Promotion – Sales Promotion can boost sales effectively. Money off vouchers, free gifts and competitions can encourage customers to buy certain products. It only works in the short term though, so other promotion strategies have to be used.

Merchandising – In a shop or a retail outlet, the merchandiser is in charge of the presentation of the products and of the store itself. A merchandiser or salesperson employed by the Company visits retailers to offer advice on presentation of Coca-Cola's products.

P.R – Publicity has far greater impact in that it appears to come from a third person, and is thus more believable. If the press favorably reviews something good about Coca-Cola, it will sell more than any advert could achieve. Both advertising and publicity can dramatize the product to create interest.

Sponsorship – Coca-Cola has an over 70 years sponsor relation with The Olympic Games and other public events, this tradition must be enhanced rather than be reduced.

8. IMPLEMENTATION & BUDGET PLAN

As the selected strategies are focused on holistic ranges of Coca-Cola brands and products, the Company's implementation plan would be organized in both of long-term and short-term activities. The implementation and budget¹⁷ plan is generally executed as follow (Table 4):

Activities	Responsible Party	Timeframe	Budget
Marketing research for product development & market response	Marketing Department and Marketing Research Agency	Persisting whole campaign	5%
Product innovation & development	Marketing Department and Production Department collaborate with other departments.	Long-term & annual activity (decided by product PLC)	10%
Branding/Positioning products (both of existing and new ones)	Top Management decides branding strategies, then, Marketing Department leads the implementation.	Long-term activity (decided by brand PLC)	25%
Marketing communication (advertising, PR, packaging, sponsorship, etc)	Marketing Department leads and cooperates with outside Advertising Agencies.	Short-term or Middle-term activities	30%
Promotion & Pricing Activities	Top Management decides strategy and dimensions within consideration of Marketing Department and Financial Department suggestions.	Short-term activities in course of competing battles	30%
Sales Incentives (both of external and internal sales are rewarded with bonuses)	Top Management discusses and decides with Financial Department, Marketing Department and Sales Department	Middle-term or Long-term activities (decided by different products or battles)	Exclude The Budget

Table 4. Company Implementation & Budget Plan

¹⁷ The budget plan is made basically and presumably by proportion rates, because there is no accurate data to support the research.

9. CONTROL & COMMUNICATION

Customer Feedback Study

Investigations are to be made into the design and implementation of ¼ yearly business customer feedback study that will be used to provide accurate information on a variety of factors regarding the relationship between Coca-Cola Company and the distribution bases. All departments to improve product and service quality will use these information.

Market Research

Market research into new products demanded by the end customer will be completed on an individual basis and, as part of the product alliance with business customer. In doing so costs can be shared, together with knowledge within the company.

Internal Communications

Internal feedbacks from Marketing Department will be analysed by a series of meetings. Otherwise, during marketing campaigns, the information intercommunication with other departments is required and indispensable. These feedback sessions will be used as a means to keep marketing department fully appraised of new business and, over all company performance in marketing campaigns.

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