

Successful Beveraging; the Coca-Cola Story

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The beverage industry (aka the drink industry) is traditionally a market that is highly demanding of its players as it appeals to the human taste bud, which is mostly subject to our fleeting emotions. The same tongue that desired a bottle of champagne to celebrate success will prefer a cup of chocolate to energize the body before starting with the business of the day. The industry consists of two major categories; alcoholic beverage industry and non-alcoholic beverage industry. The market for non-alcoholic beverage holds more than 50% share of the total market and has been growing over the years. This growth is attributed to the rising consumer preference towards healthy beverages amongst adults and rise in the population of non-adults.

One company that has stood out in the beverage industry is the Coca-Cola Company. Coca-Cola is the world's largest beverage company; licensing and marketing more than 500 nonalcoholic beverage brands which are consumed in about 206 countries. Coca-Cola is one amongst few companies with robust supply chains; her products successfully sell even in remote communities. Revenue in the Beverage market is projected to reach US\$190.50bn in 2023 and shows an annual growth rate (CAGR 2023-2027) of 12.39%, resulting in a projected market volume of US\$303.90bn by 2027 (www.statistica.com). Owning a major share of such a robust market can only mean that the Coca-Cola Company knows the game. This write-up will discuss the one company that is shaping the beverage industry globally. I will be discussing the strategies applied by Coca-Cola, as observed in data curated from her financial reports from 2009 to 2019, which have contributed to the huge success she currently enjoys. These patterns observed in Coca-Cola as strategies, are highly recommended for replication in any company that deals on non-alcoholic beverages. They are not just feasible but have also been proven to give good results.

Steady growth of Product Portfolio

Coca-Cola faces intense competition from both direct and indirect competitors who are constantly trying to imitate her best-seller beverages. Direct competitors include soft drink producers, such as PepsiCo who makes another very popular brand of the cola beverage. One of the standardized approaches used by Coca-Cola to stay ahead of her competitors is to concentrate on growing her share of market by introducing new tailor-made varieties of beverages, which offer more flexibility in the dimensions along which her business lines are measured and also diversify the impression her brand leaves on consumers. Coca-Cola introduces new products to the market where they make sense, moving beyond Trademark Coca-Cola to juices and juice drinks, energy drinks, teas, coffees, packaged waters and sports drinks. It is said that the company has so many different beverages that you could drink one a day for nine years without drinking them all. The table below shows the various new products Coca-Cola have introduced between 2009 and 2019. We can see that almost every year, Coca-Cola made sure to launch a new product, and usually in a new location.

S/N	YEAR	PRODUCT	Location
1	2009	Minute Maid® Pulpy Super Milky 4-ounce Burn® Energy Shots Frestea Green® My Body	China Europe Indonesia
2	2010	Hugo™ Odwalla™ Heart Health Superfood Minute Maid Kids Tropical Minute Maid NutriBoost™	Peru and Argentina Vietnam

		I LOHAS™ Mikan	Japan
3	2011	Del Valle Glacéau vitaminwater™	Argentina, Chile, Denmark
4	2012	Launched 500+ new products in 2012	
5	2013	Powerade Zero Drops™ Coca-Cola Life	Argentina & Chile
6	2015	80 reformulations globally	
7	2016	Fanta Lemon +C Georgia The Premium 310 reformulations globally	Japan Japan
8	2017	Topo Chico And Barrilitos	United States
9	2018	Sprite Fiber+ Coca-Cola Batch Blends Coffee and Chocolate Smartwater alkaline	China Vietnam USA

Product Segmentation

A great player is not just the one who sees the next direction of the game but the one who moves to meet other players in that direction. The beverage industry is very nimble, changing swiftly with social trends. Coca-Cola, who wants to play internationally, understands the need to settle for the most attractive combination of products and markets. Her selection of the target markets and products are consistent with the concept and findings of market segmentation, which suggest that the demand for any product varies by segment. With good understanding of the social construct of her target markets, Coca-Cola is able to invest in products that appeal to the social values of her customers. She starts with products that have been successful in developed markets and then innovate products specifically targeted for a market as she grows her consumer base. Her adjustments over the years in review include making smaller, more convenient packages so controlling sugar intake is easier, offering more new drinks that provide benefits like nutrition and hydration, reformulating recipes to reduce sugar, reducing CO₂ in the drinks by 25%. They have even gone as far as giving people the information they need to make informed choices about which of her products they should consume.

Year	Product Name	Specific Consumers
2009	90-calorie sleek “mini can” Sprite® “Xpress Pack” in India ILOHAS® lightweight pack in Japan Coca-Cola Freestyle™ fountain in U.S. Frestea Green® My Body in Indonesia	Customers who want to manage their consumption portions on-the-go consumers in key cities on-the-go-consumers creative consumers young consumers who lead active, busy lifestyles
2010	Minute Maid NutriBoost™ in Vietnam Odwalla™ Heart Health Superfood	young adults who enjoy an active and healthy lifestyle People seeking reduced cholesterol and support cardiovascular health
2013	Launched Coca-Cola Life™ POWERADE ZERO DROPS™	Weight-conscious consumers Weight-conscious athletes
2014	A Sprite mini can Nutrient-rich fairlife milk	Late-night snacking Nightcap or wake-up boost of protein
2017	Topo Chico And Barrilitos	Weight-conscious consumers
2018	Ayataka FOSHU tea	Diabetic consumers

	Japan Craftsman Black LACFREE	Diabetic consumers Lactose-intolerant and weight-conscious dairy consumers
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Partnership

One method that is proven to amplify success in business is forming strategic partnership. Partnering with entities that your target customers already trust can have a major influence on the speed and ease with which you can achieve your goals and objectives. You can immediately access a pool of customers who consume your line of product and for a small business, creating the right strategic partnership can help you overcome lack of sufficient funding by sharing resource, particularly where those resources are of a technical nature and may expose the business to new and innovative solutions. Coca-Cola sends a powerful message of confidence by partnering with top brands especially her competitors in the following ways:

YEAR	PARTNER
2011	Partnered with Heinz Multiyear partnership with (RED) TM
2012	JBF Industries Ltd Dean Kamen and DEKA R&D Corporation
2013	Coke Zero TM and Riot Games
2015	Monster Beverage Corporation
2016	Coca-Cola European Partners Invested in Chi Ltd. Gold Peak brand Dunkin' Donuts
2017	Water, sanitation and hygiene partnership

Corporate Social Responsibility

Corporate social responsibility (CSR) is a business model by which companies make a concerted effort to operate in ways that enhance rather than degrade society and the environment. Consumers are increasingly becoming more aware of the impacts companies can have on their community besides from drawing investors, and many now base purchasing decisions on the CSR aspect of a business. The more a company engages in CSR, the more likely it will receive favorable brand recognition. CSR also improves how investors feel about a business which is very important for a startup. CSR is often usually broken into four categories: environmental impacts, ethical responsibility, philanthropic endeavors, and financial responsibilities. Over the years, Coca-Cola has focused on environmental impacts. They invest in methods that ensure minimal negative environmental impact by their products and processes. This move

Year	CSR Activity
2009	Replenish Africa Initiative (RAIN) Georgia® Green Planet Café Au Lait which offsets CO ₂ Placed more than 73,000 hydro fluorocarbon-free (HFC-free) coolers and vending machines in markets globally,
2010	Created the 111 Navy Chair using recycled pet plastic bottles

	Made our presence carbon neutral for the Vancouver 2010 Olympic Winter Games Beverage science education 2010 Haiti hope project 2010 Placed more than 160,000 units of hydrofluorocarbon (HFC)-free refrigeration systems
2011	Global partnership with the International Federation of Red Cross and Red Crescent Societies. Multiyear partnership with (RED)™ Partnered with World Wildlife Fund (WWF) to launch Arctic Home™ Established the \$31 million Coca-Cola Japan Reconstruction Fund Partnering with three leading biotechnology companies to develop PlantBottle packaging made 100 percent from plant based materials
2012	Expanded our 5by20™ Women's Empowerment initiative from four countries to 12 countries. Pledged \$1 million to support local relief and rebuilding efforts in the aftermath of Hurricane Sandy.
2017	More than \$10 million to support global disaster relief and recovery efforts.
2018	Hosted the 10th Human Rights Conference at our Corporate headquarters in September of 2018 865,787 women empowered through Sari-Sari Program Partnering to provide clean waters in Madagascar \$15 million was committed to Circulate Capital, an investment management firm dedicated to incubating and financing companies that prevent the flow of plastic waste into the world's oceans. PRAISE founded in Indonesia by Coca-Cola Indonesia, Indofood, Unilever, Danone, Nestlé, Tetra Pak.

Marketing Campaigns:

Campaigns are strategic marketing efforts that involve advertising a product, service or brand on behalf of a company. Product promotion programs are one of the easiest ways to gain grounds in any industry. Besides brand awareness and growing sales, campaigns can be structured to appeal to a wide range of things in the minds of consumers. They create questions in the mind of your target consumers (what is this product? do I need this product? What brand owns this product? etc.). There are several types of marketing campaigns, and the campaign you choose may depend on the business and industry in which you operate and what you aim to achieve. Large brands like Coca-Cola mostly implement brand awareness campaigns to maintain their popularity. Between 2009 and 2019, she regularly rolled out a number of strategic campaigns in different parts of the world to support her brand.

YEAR	CAMPAIGN
2009	Open Happiness™ Sponsored the Olympic Torch Relay
2010	Sponsorship of the 2010 FIFA World Cup™ Completed the 13th season of Copa Coca-Cola™ in Mexico
2012	Launched Coca-Cola Journey™, our reimagined corporate website and digital magazine Arctic Home™ campaign in the United States and Canada Move to the Beat™, her largest ever Olympic Games™ marketing campaign.
2013	Created a live “friendship portal” linking cities in India and Pakistan
2015	“taste the feeling” campaign
2016	Global sponsorship of the 2016 Olympic Games in Rio de Janeiro

Competitor Acquisition

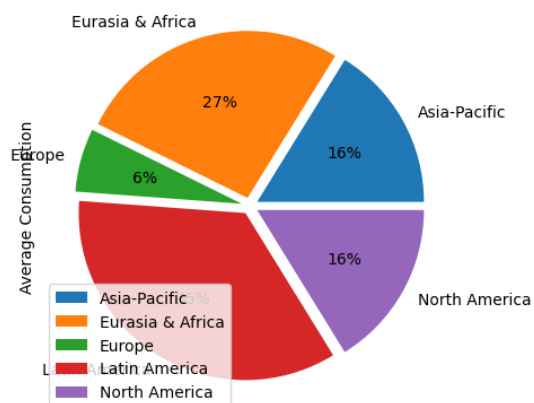
When it is more costly to grow your customer base organically than it is to acquire, why not consider acquisition? Acquiring your biggest competitor can give you a strong market presence. You leverage on the work they have done and their brand to penetrate your target market quickly. The phenomenal growth of Coca-Cola has a lot to do with her utilization of acquisition opportunities. She takes over partly or fully the largest beverage companies in her target market. Along with product diversification and innovation, this acquisition strategy helps her run on an existing brand's trust and also make it easy for her to take over the market while slowly phasing out their acquisition.

YEAR	ACQUISITION
2009	glacéau Smartwater®
2011	Agreed to acquire approximately half of the equity in Aujan Industries
2012	Ayataka (green tea) ILOHAS (water)
2013	ZICOTM Pure Premium Coconut Water
2016	Announced plans to acquire AdeS Latin America's largest soy-based beverage brand
2018	Announced the definitive agreement to acquire Costa Limited

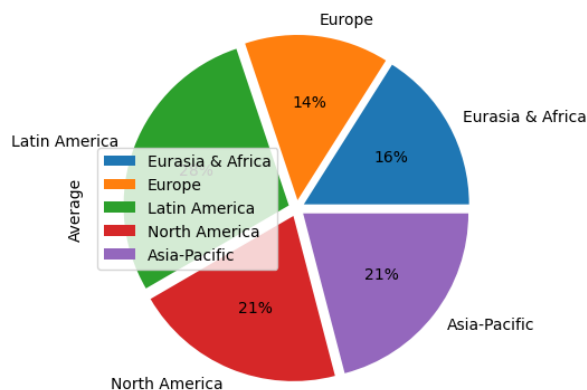
Spread of Unit Case Volume amongst Geographies based on Consumption Reports

Beverage volume is expressed in unit cases; unit of measurement that is the equivalent to 5,678 liters, in other words 24 servings or 192 American Standard ounces. Unit case volume means the number of unit cases of company beverages sold by a company and its bottling partners. The growth strategy of Coca-Cola is to maximize value and profit. Each business year, Coca-Cola carries out a combination of unit case volumes for the regions where she operates based on per capita consumption reports from these areas. A snap shot of her per capita consumption shows that Latin Americans were the highest consumers of Coca-Cola beverages consistently for the four-year period reported between 2009 and 2019. We see Coca-Cola allotting this region an average of 28% unit case volume over the 11-year period in review. The only region of exception is Eurasia and Africa. In this data age, companies make use of business analytics reports in planning production/distribution. This method of distribution which is demand-driven helps ensure efficiency while meeting the needs of customers.

Regional Consumption Rates of Coca-Cola Beverages



Unit Case Volume Distribution of Coca-Cola Beverages



Region	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Average Unit
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Eurasia & Africa	15%	16%	16%	18%	15%	16%	16%	16%	16%	16%	16%	16%
Europe	16%	16%	15%	14%	14%	13%	13%	13%	14%	14%	13%	14%
Latin America	28%	28%	29%	29%	29%	29%	29%	28%	27%	27%	27%	28%
North America	23%	22%	22%	21%	21%	20%	20%	20%	20%	20%	18%	21%
Asia- Pacific	18%	18%	18%	18%	21%	22%	22%	23%	23%	23%	24%	21%

Country	2009	2010	2011	2012	Average per capita Consumption	Region
India	9	11	12	14	11.5	Asia-Pacific
Mali	9	12	12	13	11.5	Eurasia & Africa
Indonesia	13	13	14	15	13.75	Asia-Pacific
Pakistan	15	15	17	21	17	Asia-Pacific
Nigeria	28	28	27	26	27.25	Eurasia & Africa
China	32	34	38	39	35.75	Asia-Pacific
Kenya	39	40	40	39	39.5	Eurasia & Africa
Egypt	49	54	53	65	55.25	Eurasia & Africa
Russia	59	69	73	79	70	Eurasia & Africa
South Korea	60	69	84	99	78	Asia-Pacific
Morocco	84	84	88	87	85.75	Eurasia & Africa
Worldwide	86	89	92	94	90.25	
Thailand	87	94	93	113	96.75	Asia-Pacific
Colombia	121	125	127	128	125.25	Latin America
Italy	128	139	129	132	132	European
France	137	143	137	141	139.5	European
Philippines	137	144	149	131	140.25	Asia-Pacific
Turkey	144	159	173	176	163	Asia-Pacific
El Salvador	148	166	179	186	169.75	Latin America
Japan	173	178	180	182	178.25	Asia-Pacific
Germany	175	179	190	191	183.75	European
Peru	175	193	208	219	198.75	Latin America
Great Britain	191	204	210	200	201.25	European

Bolivia	201	221	244	263	232.25	Latin America
Brazil	205	229	230	241	226.25	Latin America
Canada	232	236	259	259	246.5	North America
South Africa	249	254	247	260	252.5	Eurasia & Africa
Austria	257	255	253	259	256	Eurasia & Africa
Panama	260	258	379	416	328.25	North America
Spain	289	284	287	283	285.75	European
Belgium	0	0	0	333	83.25	European
Argentina	315	318	345	364	335.5	Latin America
Australia	332	319	309	315	318.75	Asia-Pacific
United States	399	394	43	401	309.25	North America
Chile	426	445	460	486	454.25	Latin America
Malta	598	606	0	0	301	Eurasia & Africa
Mexico	665	675	728	745	703.25	Latin America

NB: Data used in this write-up was curated from Coca-Cola's Financial Reports (2009 and 2019)

The steps taken include:

- a. Appraisal of the reports and selection of the Annual Report as the choice documents to analyze.
- b. Downloading and storing the selected files.
- c. Checking the file format.
- d. Running and understanding the file.
- e. Identifying data of interest.
- f. cleaning data.
- g. Transforming data into the form used in this document.

<https://investors.coca-colacompany.com/financial-information/financial-results>