**Assignment – 3**

**Financial Analytics**

# **Title :Analyzing competitive advantage in real companies**

1. **INTRODUCTION:- Here, we take 2 companies , 1 is from consumer goods sector and another is technology sector. CONSUMER GOODS SECTOR :- THE COCO-COLA COMPANY TECHNOLOGY SECTOR:-GOOGLE**
2. **OVERVIEW OF COMPANIES:- • The Coco-Cola company Is a total beverage company. It is a carbonated soft drink produced by The Coca-Cola Company of Atlanta, Georgia Originally intended as a patent medicine when it was invented in the late 19th century by John Pembertonm . • Google LLC (Google), a subsidiary of Alphabet Inc,a provider of search and advertising services on the internet. The company's business areas include advertising, search, platforms and operating systems, and enterprise and hardware products.**
3. **RESEARCH COMPETITIVE ADVANTAGES:- STRENGTHS OF THE COCO-COLA co • Diverse product portfolio. MARKET LEADER IN SEARCH ENGINES • Distribution system. • Valuable Brand. • Global brand recognition. STRENGTHS OF GOOGLE**

**• MARKET LEADER IN SEARCH ENGINES**

**• DEPENDENCE ON ADVERTISING**

**• COMPETITION**

**• STRATEGY**

**REVIEWS BY CONSUMERS COCO-COLA CO. Published on 2021 by atlantispress :**

**By clarifying the competitive environment of the industry, CocaCola Company complies with the development of the times. It widens the litigation points of consumers. Also, it meets the multidimensional needs of consumers through the combination of various differentiation strategies to make Coca-Cola take a leading position in the competitive soft drink industry.**

**GOOGLE**

**4 FEBRUARY 2024**

**It's Google, not much else to say about it. The only issues I have are related to privacy (or rather a lack of it), a problem with technology in general. I don't mind ads, what I don't like is how eerily specific some ads can be, or how I'll see things I was looking up on my phone magically pop up on my work computer (despite me having never signed into Google on it). It'll tailor results to the user, which has ups and downs. But at the end of the day, it's a good browser through and through.**

1. **FINANCIAL PERFORMANCE EVALUATION**

**The Coco- Cola company:-**

**• Gross margin TTM -59.52%**

**• Operating margin TTM- 29.1%**

**• Net Profit margin TTM- 23.42%**

**• Return on Investment TTM -15.39%**

**GOOGLE:-**

**• Gross margin TTM-55.6%**

**• Operating margin TTM-25.49%**

**• Net Profit margin TTM-27.57%**

1. **COMPARATIVE ANALYSIS:-**

**The COCO-COLA co.**

**• Market share :- 42.8%**

**• Growth prospects :- 6-7%**

**• Competitive Threats:- Water usage controversy.**

**> Packaging controversy.**

**> Direct and indirect competition.**

**>Aggressive competition with Pepsi.**

**• Barriers to entry:- brand loyalty.**

**> vertical integration.**

**> economy of scale.**

**GOOGLE**

**• Market share :-83.49%**

**• Growth prospects :-6.5%**

**• Competitive Threats:-  emerging technologies in AI and machine learning, privacy concerns, cybersecurity, spammers and bots, over-reliance on ad revenue, and intense competition from other players in the same space.**

1. **ASSESS SUSTAINABILITY:-**

**• LONG TERM VIABILITY OF COCO-COLA COMPANY :**

**Our long-term targets consist of solid revenue growth of 4% to 6%, strong operating leverage driving 6% to 8% operating income growth, delivering meaningful EPS growth and improving on our free cash flow conversion. • Focusing on a world without waste is the most long term goal of Coco-cola company. • Coca-Cola’s competitive advantage lies in its ability to satisfy customers more than its competitors and continuously serve their customers’ wishes. Coca Cola’s competitive advantage is attributed to its new product development, customer orientation, and ability to outperform competitors. • The Coca-Cola Company’s strengths, such as its global brand recognition, extensive distribution network, and diverse product portfolio, are likely to endure over the long term. However, it may face challenges from industry changes, technological disruptions (like shifts towards healthier beverages), and competitive pressures (from both traditional rivals and emerging players). Adapting to these changes and innovating will be crucial for its continued success.**

**• LONG TERM VIABILITY OF GOOGLE : We can anticipate seeing Google release even more services and products featuring AI  in the future. Deeper Integration with Other Devices: The giant search engine is already integrated with a wide range of devices and services, including smartphones, smart TVs, cars, and other electronic devices.**

**CONCLUSION**

**I hereby conclude that by considering both GOOGLE company and THE COCO-COLA company considering risk tolerance**

**Both THE COCA COLA COMPANY and GOOGLE  are top dogs in their respective fields, commanding a dominant position and strong brand recognition. A comparison between the two companies reveals that while the market capitalization of Google is 2.15x that of Coca-Cola’s, the free cash flow for the former is 1.31x that for the latter. The market is valuing Google more, as is also clear by the difference in the P/E ratio for the two giants, 24.5x vs. 20.5x. The Google stock is slightly more expensive than the Coca-Cola stock.**

**Coca-Cola and Google are in different businesses with different growth prospects. Coca-Cola is the market leader in the liquid refreshment beverage market, but mainly operates in the carbonated soft drinks segment, which represented 73% of the company’s net volume sales last year. This segment is, however, declining. Coca-Cola has looked to dabble in new beverage segments such as milk and energy drinks, but despite strong growth in budding beverage segments, net income has declined in the last couple of years as the business is still hugely dependent on the reeling CSD division.**

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