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**INFO8635-23S-Sec10-Business Analysis Foundations**

**Assignment 1- Group 1**  
**Business Model Canvas: Coca Cola**

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# Business Model Canvas of Coca-Cola

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The Coca-Cola Company is an American multinational corporation founded in 1892, best known as the producer of Coca-Cola. The drink industry company also manufactures, sells, and markets other non-alcoholic beverage concentrates and syrups, and alcoholic beverages.

## 1. Key Partners: Who do they need to help be successful?

Coca-Cola's success is closely tied to key partners like bottlers and suppliers for production and resources, with advertising agencies playing a vital role in effective marketing strategies. The **Coca-Cola Company has 23 partners, 1 is a technology partner and 22 are channel partners.**

**Suppliers:** Coca-Cola's suppliers encompass raw material providers, packaging suppliers, equipment manufacturers, logistics partners, technology providers, and service companies.

**Technology platforms:** Coca-Cola utilizes technology platforms such as ERP, CRM, supply chain management, data analytics, digital marketing, collaboration tools, IoT devices, e-commerce, and sustainability monitoring systems to enhance operational efficiency, customer engagement, and sustainability efforts, contributing to its overall success.

**Distributors:** Coca-Cola partners with a network of distributors globally to ensure its products reach diverse markets efficiently. Key distributors include regional and local distribution companies, logistics partners, and retail channels.

**Other businesses:** Other businesses that contribute to Coca-Cola's success include advertising agencies for marketing, suppliers for raw materials and packaging, technology companies for IT solutions, and retail partners for distribution.

**Trade associations:** Coca-Cola collaborates with trade associations such as the American Beverage Association (ABA), International Bottled Water Association (IBWA), and Grocery Manufacturers Association (GMA) to navigate industry challenges, share best practices, and advocate for common interests.

## 2. Essential Activities:

**Production and Manufacturing:** Coca-Cola's global presence is driven by its longstanding franchise distribution system, the Coca-Cola System, established in 1889. This system, distributing syrup concentrate to over 900 bottling plants, produces a daily production of 2 billion servings of Coca-Cola. Exclusive territorial contracts effectively mitigate market competition.

**Distribution and Logistics:** Diverse beverage production, including flagship brands such as Coca-Cola, Diet Coke, Sprite, and Fanta, reflects Coca-Cola's unwavering commitment to quality and taste consistency, with a global brand value exceeding \$89 billion.

**Marketing and Advertising:** The company's logistical prowess ensures timely product delivery to retailers. In 2022, 36% of revenue originated from North America, underscoring its significant market presence. Packaging primarily consists of plastic bottles (47%) and aluminum/steel cans (26%). Substantial investments in marketing and advertising secured a 46% market share in the carbonated soft drink industry in 2021.

**3. Essential Resources:** As a multinational firm, Coca-Cola requires several essential resources to launch and maintain its commercial activities. These include tangible resources essential for effective international operations, such as production plants, equipment, and transportation hubs. Management of raw materials and inventories ensures dependable production as well as distribution. While funds support standard operations, growth, and new ideas, time is a crucial resource that affects manufacturing efficiency and product development. Financing requirements change from the high-cost initial phase to controlling cost and effectiveness during maturity. To maintain Coca-Cola's extensive global footprint and flexibility in responding to shifting customer needs over the course of its business lifecycle, a steady flow of resources is necessary.

**4. Value Proposition:** The Coca-Cola Company's purpose remains clear "To refresh the world and make a difference". Coca-Cola creates value for customers by providing a diverse range of refreshing beverages that cater to different preferences as explained below:

**Established Brand Recognition:** In 2023, Coca-Cola's brand was valued at 106.1 billion U.S. dollars, an eight percent increase compared to 2022. After eight years, Coca-Cola returned to the top 10 most valuable global brands ranking.

**Sales Boost:** Coca-Cola remains a leading global beverage brand, sold in over 200 countries, with a broad consumer base.

**Competitive Advantage:** Gains a competitive advantage by distinguishing itself from rivals and holds the position as the third-largest global beverage company in 2020, manufacturing over 500 brands, including Coca-Cola Classic and Sprite.

**Marketing Efficiency:** Reduces the need for extensive marketing efforts.

**Brand Loyalty:** Around 52% of soft drink drinkers in the United States say they are likely to use Coca-Cola again. Set in relation to the 61% usage share of the brand, this means that 85% of their drinkers show loyalty to the brand.

Coca-Cola provides a variety of non-alcoholic beverages, including carbonated soft drinks, juices, bottled water, sports drinks, and ready-to-drink teas and coffees. Some of its well-known products include Coca-Cola, Diet Coke, Sprite, Fanta, Minute Maid, and Dasani, among others. The company continually introduces new beverages to meet changing consumer preferences.

**5. Customer Relationships:** Coca-Cola prioritizes strong customer relations through social media engagement and accessible customer service channels, recognizing their importance in the competitive beverage industry.

**Advertising and Promotion:** Coca-Cola engages in marketing and advertising campaigns to create awareness and promote its products, helping customers make informed choices.

**Customer Service:** Coca-Cola offers customer service hotlines and online channels for inquiries, complaints, and feedback, ensuring prompt assistance post-purchase.

**Loyalty Programs:** Coca-Cola may run loyalty programs, contests, or promotions that offer rewards, discounts, or exclusive products to incentivize repeat purchases.

**Quality Assurance:** Resolving product quality concerns or issues is a priority, and Coca-Cola typically responds to customer complaints and ensures the quality of its products.

**6. Distribution Channels:** Coca-Cola utilizes a complex and extensive distribution channel to ensure its products are widely available to consumers around the world.

**Supermarkets:** Coca-Cola partners with independent wholesalers and distributors for product distribution to retailers and utilizes its own fleet of trucks and drivers for direct delivery to larger retail and convenience store chains.

**Convenience stores:** Coca-Cola products are distributed through a wide range of retail outlets, and retailers acquire them from distributors or directly from the company, ensuring accessibility to consumers in various locations.

**Vending Machines:** Coca-Cola operates and supplies vending machines placed in various locations, such as office buildings, schools, public spaces, and entertainment venues.

## **7. Customer segments:**

**Consumer Markets:** Coca-Cola's target audience is diverse and spans various demographics, accommodating different tastes and preferences. Their extensive product lineup, featuring carbonated and non-carbonated beverages, enables them to serve a wide range of consumer needs, making them a globally recognized and accessible brand.

**Industry:** Coca-Cola competes in the non-alcoholic beverage industry against rivals like PepsiCo and Keurig Dr. Pepper, while also operating within the consumer goods industry due to their retail and marketing practices

**Governments:** Governments are customers of Coca-Cola through contracts for beverage services at public events and facilities, which often involve serving Coca-Cola products at stadiums, schools, and government buildings.

**Geographic:** Coca-Cola's vast customer base is a testament to its global recognition, spanning nearly every country in both developed and developing regions. This reflects the company's widespread brand recognition and robust global distribution network, solidifying its position as a renowned worldwide brand.

**8. Cost structure:** Coca-Cola's cost structure can be broadly categorized into several key components as mentioned below:

**Raw Materials, Manufacturing, Production:** This includes the direct costs associated with manufacturing beverages, such as raw materials (sugar, flavourings, etc.), packaging materials, and the production process. Costs related to bottling processes, packaging materials, and the operation and maintenance of bottling plants.

**Staff, Distribution and Logistics:** Expenses related to the distribution and transportation of products from manufacturing facilities to various distribution points and retail outlets. General operating expenses include administrative and overhead costs, such as salaries, rent, utilities, and other day-to-day operational expenses.

**Marketing and Advertising:** Coca-Cola invests heavily in marketing and advertising to maintain brand visibility, promote new products, and engage with consumers. This includes costs associated with advertising campaigns, sponsorships, and promotional activities.

**Research and Development (R&D) Costs:** Expenditures associated with research and development activities aimed at product innovation, creating new beverages, and responding to changing consumer preferences.

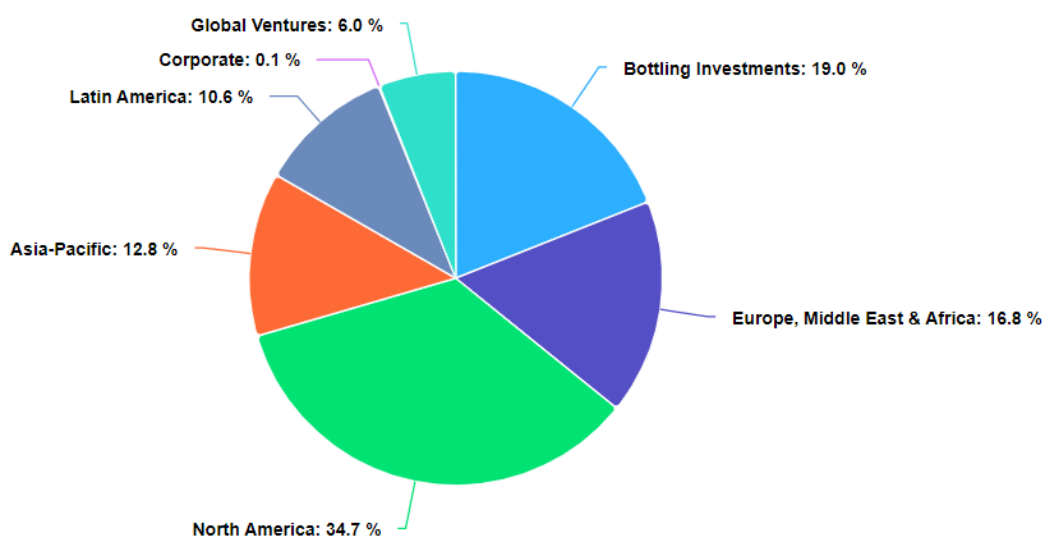
**Strategic Initiatives and Investments:** Costs associated with strategic initiatives, investments, and acquisitions aimed at expanding market presence, entering new markets, or diversifying the product portfolio.

**Tax, Interest and Financing Costs:** The costs of servicing debt and any associated interest expenses. Corporate income taxes and other taxes incurred during business operations.

9. **Revenue Streams:** In 2022, just over 36 percent of The Coca-Cola Company's revenue was specifically generated in North America. The American multinational corporation owns various brands, such as Sprite, Minute Maid, and Aquarius. Coca-Cola generated net operating revenues of about 43 billion U.S. dollars. While the company's global net operating earnings spiked between 2010 and 2011, numbers have been decreasing steadily since 2012. Between 2012 and 2018, the net operating revenue decreased by roughly a third.

With a brand value of almost 90 billion U.S. dollars, Coca-Cola was by far the most valuable soft drink in the world in 2022, beating out competitors, such as Red Bull and Pepsi. Globally, Coca-Cola was the seventh most valuable brand, after brands such as Google and Amazon. Apple stood in first place with a value of over 400 billion U.S. dollars. Below are the general revenue streams for Coca-Cola based on historical information up to that point:

**Coca Cola – Total Revenue Share, in Percentage, by Segment – 2020**



**Coca Cola – Brand Value, in US\$ Billion, 2010 – 2021**

Coca-Cola generates revenue through three main streams:

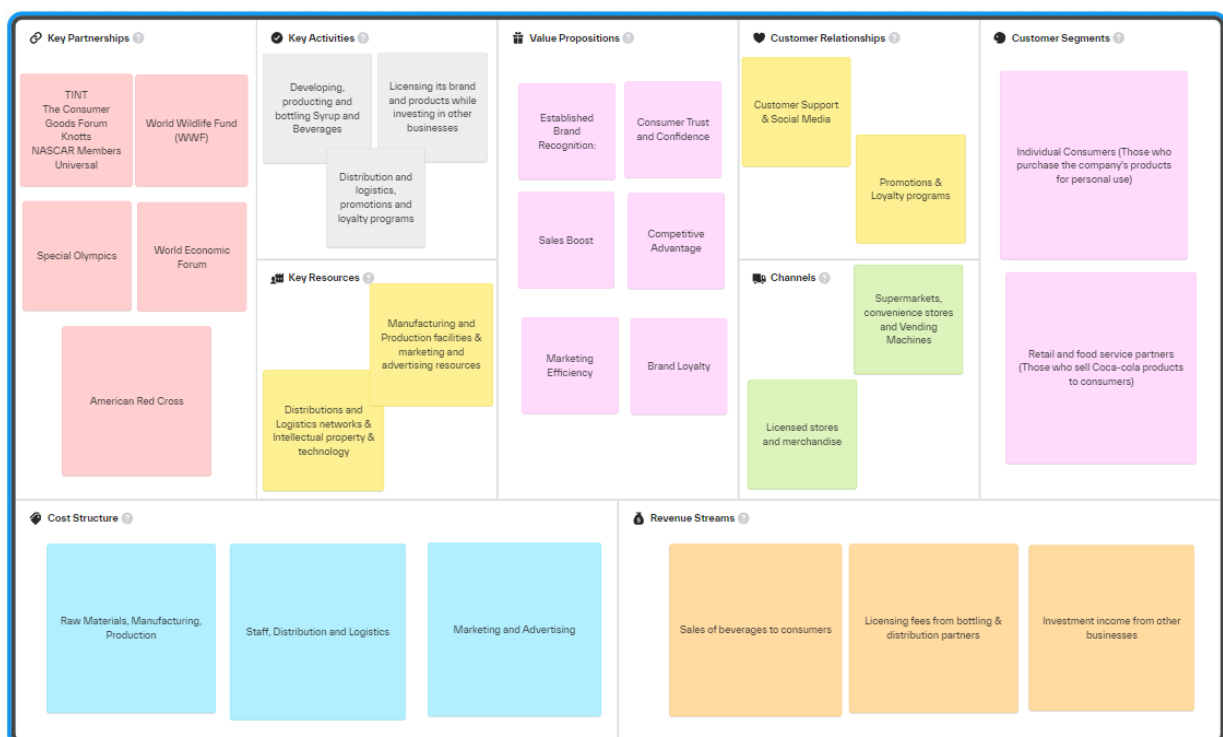
**Sales of beverages to consumers:** This includes revenue from selling Coca-Cola's various beverage products directly to consumers, both through retail channels and in various formats such as cans, bottles, and fountain drinks.

**Licensing fees from bottling and distribution partners:** Coca-Cola often licenses its brand to bottling and distribution partners worldwide. These partners then produce and distribute Coca-Cola beverages. In return, Coca-Cola receives licensing fees, allowing them to expand their reach without directly handling all aspects of production and distribution.

**Investment income from other businesses:** Coca-Cola may have investments in other businesses, and income generated from these investments contributes to their overall revenue. This could include returns from investments in related industries or financial instruments.

These revenue streams together contribute to Coca-Cola's overall financial performance and profitability.

## BCM Model for Coca-Cola



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