

**Live Project: Analyzing and Identifying the Coca Cola
Company**

THE *Coca-Cola* **COMPANY**

**Submitted By- Veer Singh
MBA(BA)
IIM Amritsar**

**Submitted To- Konsult
The Consulting Club of
NIBM, Pune**

Contact Details- +91-7009953821, veer.mbaba03@iimamritsar.ac.in



**National Institute of
Bank Management, Pune**

(An Autonomous Apex Institute Established by RBI & Banks)



Assignment1 Introduction: About the company

One of the world's biggest brands and iconic ones globally, whose wide variety of non-alcoholic drinks has made it famous is The Coca-Cola Company, founded in 1886. They have a strong presence in over 200 countries and more than 500 brands including beverages with bubbles, juices, teas, coffees, waters, and energy drinks.

The success of Coca-Cola is derived from a culture of innovation and marketing genius. This unique-tasting beverage is one of the most popular soft drinks known worldwide. To fulfill changing customer desires over time, the company has diversified its products by introducing new flavors as well as healthier alternatives into its range.

Coca-Cola company however managed to maintain its leading position through strategic acquisition partnerships as well as investments in marketing research despite facing such challenges as changing customer trends and increasing competition. Through various initiatives aimed at reducing environmental impact and empowering communities, the organization shows commitment to sustainability and corporate responsibility.

This report offers an all-inclusive analysis of The Coca-Cola Company concentrating on aspects like value proposition, industry overview using Porter's five forces framework, identification of major players, value chains, industry trends, and detailed competitor analysis using SWOT analysis, feature comparison matrix, and strategic group analysis. Through this analysis, the aim is to gain insights into Coca-Cola's strategic positioning and identify opportunities for growth and innovation.

Value Proposition

Value proposition is the distinctive value that a product, service or brand offers to its target market. This is why people choose certain products and brands over other ones, emphasizing the benefits and solutions provided by the product or brand in question in response to customers' requirements or issues. A robust value proposition spells out the specific advantages of using a product or a brand that make it stand out among competitors.

Coca-Cola's value proposition comprises:

- 1. Taste and Quality:** The company provides for its customers an exceptional taste that has become an icon of culture. It became popular due to its quality uniformity and similar taste all over the world.
- 2. Brand Recognition:** Coca-Cola's brand is known as one of the most recognized and valuable brands worldwide. It has created strong emotional ties with consumers through branding campaigns hence becoming their favorite choice.
- 3. Brand Portfolio:** The Company not only sells Coca-Cola products but also many others such as Fanta, Sprite, Diet Coke among others which are well-known globally. By doing this, Coca-cola targets different segments and satisfies needs of wide range consumers.
- 4. Global Presence:** With distribution networks operating in over 200 countries worldwide, it is easy for Coca-Cola products to be reached by consumers everywhere else in the universe
- 5. Marketing and Advertisement:** Coca Cola's Marketing campaigns are legendary. They associate the brand with happiness, refreshment, togetherness and positivity. This emotional appeal adds to its value proposition.

Industry Overview

- **Value Chain:** This term refers to the entire process by which a company develops a good or service, from the time it receives raw materials until it is delivered to the customer. Businesses can categorize and classify their business functions as major or secondary activities with the use of the value chain framework. Organizations could better grasp them as a system of interconnected functions by conducting an analysis of them.

Value Chain for Coca Cola Company:

1. **Procurement:** Raw materials used by Coca-Cola in the production of its concentrates and syrups include sugar, water, flavourings and packaging materials.
2. **Technology Development:** The company invests in research and development to improve continuously the product formulation, packaging technology and manufacturing processes for concentrates and syrups.
3. **Operations:** The company makes concentrate and syrup at their plants using raw materials purchased. This involves blending the components to form final products.
4. **Outbound Logistics:** The final step is when these syrups or concentrates are properly packed then stored before being shipped to the bottling partners as well as some customers directly.
5. **Marketing and Sales:** It also markets its brand names across different media platforms through advertisement campaigns. Besides that it carries out sales management activities that target bottling partners together with other customers.
6. **Bottling Partners:** Bottlers receive syrups and concentrates from Coca-Cola which they use them in making complete beverages. Bottlers take care of all bottling, packing while

distributing it to retailers including other point of sale locations.

7. **Retailers & Customers:** In restaurants, convenience stores, supermarkets etc., finished drinks are sold to various customers who eventually consume them.
 8. **Service:** This include providing customer support, handling complaints and guaranteeing customer satisfaction with coca cola products.
 9. **Human Resource Management:** This involves recruiting, providing training and retaining employees to make sure that the company has best talent.
- **Drivers:** These are the elements or variables that have an impact on how well a firm operates or produces results. Both internal and external influences may be among them. Making strategic plans and decisions requires a thorough understanding of these drivers.

Key Drivers for Coca-Cola Company are:

1. **Market Demand:** Purchase demand in the market is determined by consumer tastes and preferences as regards beverages like fizzy drinks, fruit juices, tea and other non-alcoholic drinks in Just like all other industries. Changing consumer preferences, health fads and personal choices can have an effect on the demand for Coca Cola's products.
2. **Brand Strength:** One of the most important assets that Coca-Cola has is its brand. Consumer purchasing decisions are also heavily influenced by brand recognition, loyalty and perception which prompt him/her to search for items from It drives this product to market more effectively. The brand is maintained and strengthened through marketing and advertising initiatives.
3. **Distribution Network:** An extensive distribution network is one of the main reasons behind Coca Cola's success in business. Therefore, it must be able to efficiently distribute its

products through various retail channels, restaurants among others so as to maintain a favorable market share amidst customers' wants.

4. **Product Innovation:** A great deal of business growth comes from Coca Cola's ability to invent new products or create different types of its already existing products. Flavours packaging formulations reflect innovation aimed at keeping this organization competitive and current within the marketplace.
5. **Sustainability and Social Responsibility:** Coca-Cola's business is driven by increasing consumer and regulatory focus on sustainability and social responsibility. To maintain its reputation and license to operate, the company's initiatives to reduce environmental impact, encourage recycling and support community initiatives are necessary.
6. **Competitive Landscape:** The competitive landscape can affect Coca-Cola's business including actions of its competitors such as PepsiCo, Dr Pepper Snapple Group among other beverage companies. Key drivers to watch include pricing strategies, product offerings, and marketing campaigns from rival firms.
7. **Economic Factors:** Coca-Cola's business performance is affected by economic conditions e.g. GDP growth, inflation rates, consumer spending etc. Economic downturns could entail reduced consumer spending on non-essentials like beverages.
8. **Regulatory Environment:** Food safety regulations, labelling requirements advertising laws and environmental standards may affect Coca Cola's operations and business practices. Compliance with regulations is a key driver for the company.

- **Porter's Five Forces Framework:**

1. **Threat of new Entrant (Low to Moderate):** High entry hurdles in the beverage business include distribution networks, economies of scale, brand loyalty, and raw material availability. However, in markets where brand loyalty is lower, such as luxury or niche beverages, the threat of new entrants may grow.
2. **Supplier Power (Low to Moderate):** Owing to its massive global presence and scale, Coca-Cola has significant negotiating leverage with its suppliers. Nonetheless, providers of special or essential ingredients could have some clout. Supplier power is generally low.
3. **Buyer Power (Moderate):** There are substitute products available and Coca-Cola's products are important to buyers such as retailers and restaurants hence buyers have some degree of bargaining power. Nevertheless, this authority is reduced by strong branding efforts and marketing by Coca Cola.
4. **Threat of Substitutes (Moderate-High):** The beverage industry offers a wide range of alternative products including water, juices, energy drinks among others. Moreover, consumer preferences and health trends can also drive the demand for substitutes thereby increasing their threat in the market.
5. **Competition among Competitors (High):** This rivalry leads to price wars, aggressive marketing and constant innovation to differentiate products between few large players such as PepsiCo etc who are competing for market share in the beverage industry.

- **Industry Trends and Statistics:**

1. **Focus on Health and Wellness**

Trend: Customers are becoming more health-conscious, driving the demand for low-sugar beverages, organic drinks and functional ingredients.

Stat: According to a Nielsen (2024) report, global consumers are ready to pay extra money just to have healthier non-artificial beverages with reduced sugar content.

2. **Sustainability:**

Trend: Raising environmental awareness has resulted in sustainable packaging methods as well as manufacturing approaches within the beverage sector.

Stat: Globally 67% of consumers would change brands due to the sustainability of companies according to a McKinsey & Company (2024) study.

3. **Functional Beverages:**

Trend: Drinks that enhance gut health or provide immune support or energy are gaining traction in popularity.

Stat: The global market for functional beverages is predicted by Grand View Research (2023) to reach \$270.4 billion by 2027 growing at substantial growth rate.

4. **Personalization and Premiumization:**

Trend: Consumers want individualized and premium beverage experiences such as customized flavor blends, limited-edition releases, niche targeting high-end use of raw materials and packaging.

Stat: Research suggests that the personalized beverage market is expected to grow at a CAGR of 12.5% from 2023 to 2028, highlighting the growing need for personalization.

- **Major Players with Market Share:**

1. **Coca-Cola India:** Some 2023 Business Today video claims that they are the market leaders as far as carbonated soft drinks (CSD) is concerned with an impressive 60% market share. Their popular lines include Coca-Cola, Thums Up, Sprite and Maaza.
2. **PepsiCo India:** PepsiCo India is the main rival of Coca-Cola and has about 30% market share in CSD. Their key brands include Pepsi, Mountain Dew, Slice and Mirinda.
3. **Parle Agro:** This Indian beverage firm competes favorably with Frooti, Appy Fizz and Bailey as its renowned brands. Although their percentage of the overall market is not listed publicly, it is a big deal in the industry particularly within mango beverages segment.
4. **Regional players:** Apart from that, there are many other regional players who have strongholds in certain territories. They are usually niche marketers who cater for local tastes among others.

Competitors Analysis

- **Feature Comparison Matrix:**

Feature	Coca-Cola	PepsiCo
Brand Recognition	Strong global brand recognition and positive brand image.	Strong brand recognition, but potentially seen as less "authentic" than Coca-Cola.
Product Portfolio	Diverse portfolio with core sodas (Coca-Cola, Sprite etc.), juices, water (Dasani), and functional drinks.	Diverse portfolio with core sodas (Pepsi, Mountain Dew etc.), juices, water (Aquafina), and emerging into functional drinks.
Distribution Network	Extensive global distribution network, reaching a wide range of consumers.	Strong global distribution network, but may not be as extensive as Coca-Cola's in some regions.

Marketing Strategy	Focus on emotional connection with consumers, building brand loyalty through positive associations.	Marketing strategy can vary by brand, but often emphasizes youthfulness and trendiness.
Innovation	Investing in new product development, particularly in healthier and functional beverage categories.	Also investing in innovation, but may be behind Coca-Cola in terms of health-focused options.
Sustainability Efforts	Increasing focus on sustainable packaging and production practices.	Also implementing sustainability initiatives, but may not be as prominently communicated as Coca-Cola's.

- **SWOT Analysis:**

1. **Strengths:**

- a. **Strong Brand Recognition:** The Coca-Cola Company has one of the most recognizable brands globally, which promotes customer loyalty and brand preference.
- b. **Distribution Network:** Coca-Cola has a well-established and strong distribution network reaching a wide consumer base across the world.
- c. **Diverse Product Portfolio:** This corporation provides more than just sodas including juices, water, and functional drinks that cater to different customers' wants.
- d. **Effective Marketing Strategy:** There have been a lot of successful marketing campaigns by Coca Cola which have created positive associations with the image of the brand as well as helped to raise its sales volumes.
- e. **Economies of Scale:** Their large size enables them to produce at low costs and allocate their resources effectively

2. Weaknesses:

- a. **Carbonated Soft Drinks Dependency:** A considerable proportion of its income is generated from CSDs which are increasingly being regulated due to health concerns raised by consumers.
- b. **High Dependence on Bottling Partnerships:** Third party bottlers are used by Coca-Cola for production and distribution in some regions hence affecting quality control and efficiency
- c. **Limited Healthier Options Presence:** Though it's expanding, Coca Cola might be seen as less committed compared to some of its competitors in offering truly healthful beverages
- d. **Unpredictable Sugar Price Changes:** Sugar is an important component and price fluctuation can impact the production costs and profitability.

3. Opportunities:

- a. **Growth in Emerging Markets:** Venturing into new markets with a growing middle class and increasing income to spend offers significant potential for growth.
- b. **Expansion into Healthier Beverages:** This can draw the attention of new customers for example, through low sugar, no sugar added and also functional drinks as they take advantage of the trend towards healthier options.
- c. **E-commerce and Direct-to-Consumer Sales:** By going online or starting subscription services, Coca-Cola may find it easy to access personalized customer experiences, which can lead to increase in sales volumes.
- d. **Sustainable Packaging and Practices:** In addition, this is a good idea because it meets consumers' desires as well as strengthening brand image through eco-friendly packaging materials and production techniques.

4. Threats:

- a. **Competition from Regional and Private Label Brands:**
Also regional firms and private labels can undercut prices as well as cater to local tastes thus posing a risk in certain markets where competitors are present.
- b. **Shifting Consumer Preferences:** Moreover, an increasing number of people prefer healthy foods and natural beverages hence the demand for sugary drinks might fall over time especially among those having health concerns.
- c. **Government Regulations on Sugar Content:** Indeed, various governments could impose stricter regulations concerning the amounts of sugars within beverages since there may be implications for Coca Cola's major products across international boundaries if sugar content legislation is enacted globally.
- d. **Water Scarcity Issues:** Water scarcity is real in some regions that are important in Coca Cola's supply chain therefore it can disrupt production process leading to damage on brand reputation.

• Strategic Group Analysis:

There are two main approaches to define strategic groups in the beverage industry:

1. **Product Focus:** This sorts firms into those that specialize in different kinds of beverages (carbonated soft drinks, bottled water, juices etc.).
2. **Value Proposition:** This groups companies based on the value they offer to consumers (traditional vs. health-focused, price-driven vs. premium, etc.).

a) Based on Product Focus:

1. **Group 1: Carbonated Soft Drink (CSD) Giants:** It is made up of Coca-Cola, PepsiCo and some other major manufacturers with a large share of CSD-market. They engage one another through brand names distribution systems and sales campaigns.
2. **Group 2: Bottled Water Leaders:** It includes Nestle (Pure Life) and Danone (Evian) who are primarily focused on water bottling process and supply chain. They face competition over such things as water sources used, methods of purification, and corporate image.
3. **Group 3: Juice and Functional Beverage Specialists:** It consists of The Coca-Cola Company (Minute Maid, Simply), PepsiCo (Tropicana, Naked), and smaller manufacturers concentrating on juices, functional drinks, and other non-CSD categories. Their battle is based on product improvement, health advantages offered by these products as well as addressing specific consumer needs.

b) Based on its Value Proposition:

- 1) **Group 1: Traditional Beverage Leaders:** This is a group that comprises Coca-Cola and PepsiCo and it has a broad range of conventional CSDS and other sugary drinks. They compete based on brand recognition, affordability, taste and mass appeal.
- 2) **Group 2: Health-Focused Beverage Companies:** Here are companies focusing on healthier beverages such as low sugar or sugar free carbonated drinks, natural fruit juices, functional beverages with added benefits. In addition to Keurig Dr Pepper (with CORE water) and smaller innovative brands like them, Coca Cola with its Simply and Dasani brands is also increasingly playing in this space.
- 3) **Group 3: Premium Beverage Players:** These are companies that focus on premium beverages which have unique flavors, organic ingredients and often small production volumes. Even though specialty items are not the core business for Coca-Cola Company, some might put them here against San Pellegrino and Perrier among others.

Coca-Cola largely falls under the CSD Giants group according to the product focus approach. However, they have started moving into the Health-Focused Beverage Companies group by value proposition as well. Strategic initiatives like reducing sugar content in their products or developing functional drinks indicate this change in strategy.

Assignment 2: Information of Product in Line

1. The 4P framework-

a. Product:

- i. Variety: There are various Coca-Cola drinks. They include conventional soft drinks such as Sprite and Coca-Cola, but also bottled water Dasani, juice Minute Maid, energy drink Monster and even tea and coffee.
- ii. Innovation: New flavors are constantly being added to the market to keep consumers interested like Coke Zero Sugar which is healthier.
- iii. Quality: Irrespective of where the bottles are bought from, strict inspections ensure that all bottles taste the same.

b. Price:

- i. Competitive Pricing: The pricing policy of the company is similar to the level that the major competitors e. g. Pepsi, are already having in their price list.
- ii. Affordable Options: You can find small individual bottles or large packs in the marketplace with prices low enough to be affordable to anyone.
- iii. Promotions: They are often giving the discounts on their products and especially during some occasions or during the festive seasons in order to increase sales.

c. Place:

- i. Global Reach: "Coca-Cola" is the most renowned brand in the world, because you can find it virtually everywhere, in more than 200 countries around the world.
- ii. Distribution: They have a broad network of partners and they are able to deliver their products to shops, restaurants, and malls all over world.

- iii. Availability: Coca-Cola made the product very accessible by introducing it in to schools, at restaurants, and to the stores.

d. Promotion:

- i. Advertisement: The well-known trademark for Coca-cola is its iconic advertisements which often bring out the themes of sharing and happiness. To get to people, they employ digital media, social networks media press release print advertising television commercials.
- ii. Sponsorships: They sponsor major events like the Olympic Games and FIFA World Cup that helps to keep the brand in the public eye.
- iii. Sales Promotions: Many events such as competitions are carried out by coca-cola with a view of retaining consumers' interest and boosting sales.

2. Market Segments:

a. Based on demographics:

- i. Age: They provides products for all age groups including juices for families and energy drinks for young adults
- ii. Revenue: Both high-end goods like Smart water and more affordable ones such as regular Coca-Cola products are available from them.

b. Geographical Segments:

- i. Global Reach: By making custom made products suitable with other regional places like Inca Kola in Peru or Thums Up in India
- ii. Urban vs. Rural: Tactics vary here (convenience store sales in urban areas versus larger packs at lower prices in rural areas).

c. Psychographic Segments:

- i. Lifestyle: Coca-Cola provides drinks for people who deserve to have fun (such as Coca-Cola, the classic one), for those who lead an active life (such as Powerade), and for the health conscious (such as Coca-Cola Zero Sugar).

d. Segments Based on Behaviour:

- i. Occasions: They offer a comprehensive line of items which are suitable for different kinds of events, starting

with the most sophisticated ones and ending with the more casual drinking.

3. Distribution Channels for the Product:

a. Direct Sales

- i. Bottling Partners: Coca-Cola's production and distribution business is run by local bottling partners.
- ii. Owned Outlets: Coca-Cola also operates its own fountain services and vending machines.

b. Retail Channels:

- i. Supermarkets and hypermarkets: A few Coca-Cola brands are easily found at grocery stores.
- ii. Convenience Stores: An individual may grab quicker purchases by using smaller packs.
- iii. Online Sales: Other than physical stores, Coca-Cola products can also be bought online with doorstep delivery.

c. Foodservice Channels:

- i. Restaurants and Cafes: Almost every pizzeria and restaurant in this city gives Coca-Cola as a drink choice.
- ii. Fast food chains: Their advantage of being always on the shelves, they achieve it through strategic partnership with large chains like McDonald's etc.

4. Competitors and steps taken to combat them:

a. Major Rivals:

- i. PepsiCo: The main competitor having a similar range of goods.
- ii. Dr Pepper Snapple Group: Competes with brands like Dr Pepper and Snapple.
- iii. Nestlé: Competes in bottled water and health drinks market.
- iv. Local Brands: Make an effort to focus in on the particular geographic areas.

b. Actions Taken to Counter Competitors:

- i. Innovation: Constantly being first to the market with new products and flavours.
- ii. Brand Loyalty: Effective marketing and promotions so that customers keep coming back.

- iii. Sustainability: Making environmentally friendly practices a priority in order to attract more environmentally conscious consumers.
- iv. Partnerships: Creating coalitions to widen their circle.
- v. Diversification: Expanding into different beverage categories to grab more market share.
- vi. Competitive Pricing: Pricing strategies that are in line with or even better than competitors to catch price-sensitive consumers.

Assignment 3: Identify In-firm Strategies.

1. Cost Structure:

a. Manufacturing Costs:

- i. Raw Materials: This means that there are basic ingredients such as high fructose corn syrup, sugar, the components that provide the desired flavour, and carbonated water. This implies that prices are variable in relation to the market, now and in the future.
- ii. Production: Examples include costs incurred in erecting the bottling plants, the machinery used in the process, wages paid to the employees, standard costs of production, and quality control among others. Some are company owned bottling operations while others are called independent bottlers with which Coca-Cola has business contracts.
- iii. Packaging: Expense on the material used to can the food, the bottles used for storage (both the plastic and glass ones), labels, and any other item that would have been used up during the process. Eco-friendly packaging could also add to these costs in the following ways.

b. Distribution Costs:

- i. Logistics: Such as costs that are associated with transportation of the products from the manufacturing point to other outlets like the cost of fuel, managing the fleets and storage.

- ii. **Storage:** Cost incurred in keeping the finished products in a warehouse before they are sold to the retailers or the ultimate consumer.

c. Marketing and Advertising:

- i. **Promotions:** More spending in advertising and promotion expenses to create and sustain the brand image for external and international markets, FIFA world Cup sponsorships, other Olympic events and other regional advertising.
- ii. **Sales Promotions:** Costs that relate to discounts of the product prices, coupons, and other sales promotions in order to increase volumes of sales.

d. Administrative and Overhead Costs:

- i. **Salaries and Benefits:** Salaries to management and other employees of the organization as well as other kinds of remuneration to employees such as bonuses and other incentives.
- ii. **Research and Development:** The investment that has to be made is in the area of the production of the products, new brand flavors, packaging among others.
- iii. **Utilities and Maintenance:** Indirect costs of an organization which consist of costs like rental costs of physical facilities like building, maintenance costs of plant and equipment among others.

e. Sustainability and CSR Initiatives:

- i. **Environmental Programs:** Costs that are incurred in the process of undertaking affairs consistent with the principles of sustainable management of resources such as recycling, water reclamation, and low emission of carbon.
- ii. **Community Engagement:** Other areas of interest were in the infrastructure as well as social welfare projects which included the spending in community projects and CSR.

2. Revenue Model:

a. Product Sales:

- i. **Beverage Sales:** The major source of income, therefore, is through the sales of different beverages such as sodas, juices, water, and energy drinks. This includes the sales from the company owned stores, and other stores where it sells its products in large quantities to wholesalers and distributors.
- ii. **Volume Sales:** Sales of concentrates and syrups to partners for production and distribution of beverages all over the world.

b. Franchise Operations:

- i. **Bottling Partners:** Coca cola operates on a franchise model under which it grants licenses to independent bottlers who are in charge of creating, packaging, and distributing the beverages. The organization derives its revenue from the sales of the concentrates and syrups to these bottlers and through licensing and royalties.

c. Diversification and New Products:

- i. **New Product Lines:** Re-launch of such products as functional drink, health drink, flavoured water etc. for the intention of addressing several segments of consumer base.
- ii. **Premium Products:** The price of such premium products like Smartwater, organic juices, etc. also has higher money coefficients.

d. Strategic Partnerships and Alliances:

- i. **Collaborations:** Licensing and franchising deals with fast food companies, entertainment industries and sports associations to facilitate branding and product exclusivity.
- ii. **Joint Ventures:** Partnerships with other players in the industry or the related industries in order to increase the range of the offered products and customer base.

e. Geographic Expansion:

- i. Emerging Markets: New opportunities for expansion of the company's presence in the key segments, including the countries of Asia, Africa, and South America, where the population has higher disposable incomes and the urbanization rate is increasing, which leads to greater consumption of beverages.
- ii. Market Penetration: The second strategy is expanding in existing geographic regions and segments through better marketing and adapting to the local palate.

f. Digital and E-commerce:

- i. Online Sales: Pursuing new opportunities in digital sales, including own and partner-owned and controlled direct-to-consumer channels and other collaborations with e-commerce giants.
- ii. Data Analytics: Employing consumer information to tailor both marketing strategies and products to be more successful, thus attracting more consumers and sales.

Assignment 4: Analyzing the coca cola company's financial results prospective approach, with the aim of understanding the business along with Break-even analysis and Payback period.

The link for the financial statements for the coca cola company for the year 2023 is below:

https://d1io3yog0oux5.cloudfront.net/a1aa24d5a038a1c8c19569344cc073c8/cocacola_company/db/734/8067/earnings_release/2023+Q4+Earnings+Release+%28Ex-99.1%29+--+FINAL.pdf

- Payback Period: Payback Period measures how long does it take for the company to recover the initial investment in a project. To calculate the payback period, we need initial investment and the annual cashflows as payback period is equal to Initial Investment/Annual Cash Flow. Initial Investment can be found through the balance sheet

of the coca cola company in the Assets section by the name of plant, property and equipment, which actually is equal to **\$9,236 million**. The annual cashflows are found in the cashflow statement and the annual cashflow for this quarter for coca cola company is **\$11599 million i.e the cash provided from operating activities**. The Payback period comes out to be $9,306/11599=0.80$ years. **This means that it would take a less than a year for the coca cola companies to recover it's initial investments from the annual cashflows. This is a positive indicator of the financial efficiency of the coca cola company.**

- Breakeven Analysis: Breakeven Analysis involves determining the point at which a company's total revenues equals its total cost. In order to perform the breakeven analysis, we need **fixed costs**, **variable costs per unit** and **sales price per unit**. These factors can be found in the income statement of the coca cola company. Fixed Costs for the company are reflected in the income statement as Operating expenses which includes Selling, general and administrative expenses along with other operating expenses which comes out to be \$15,923 million. Similarly, the variable costs are reflected as cost of goods sold in the income statement which is \$18,520 million. In order to find the sales price per unit, the formula is (net operating revenue/number of units sold). The net operating revenue for the coca cola company is \$45,754 million. The number of units sold can be assumed. As per coca cola, 1.9 billion drinks are sold per day. So, for the year the figure comes out to be approx. 700 billion. The breakeven point is as follows,

$$\text{Sales Price per unit} = \frac{\text{Net Operating Revenue}}{\text{Number of Units Sold}}$$

$$\text{Sales Price per unit} = \frac{45,754}{700,000}$$

Sales Price per unit= \$ 0.065 per unit.

$$\text{Variable Costs per unit} = \frac{\text{COGS}}{\text{Number of Units Sold}}$$

$$\text{Variable costs per unit} = \frac{18,520}{700,000}$$

Variable Costs per Unit= \$ 0.026 per unit.

Breakeven Point

$$= \frac{\text{Fixed Costs}}{(\text{Sales Price per unit}) - (\text{Variable Costs per unit})}$$

$$\text{Breakeven Point(UNITS)} = \frac{15,923 \text{ million}}{0.065 - 0.026}$$

Breakeven Point= 408282.051 million units.

This infers that the coca cola company needs to sell 408282.051 million units to cover all its fixed costs along with variable costs and therefore achieving breakeven where there is no profit nor loss.

- **Perspective Approach:**

- **Profitability Analysis:**

- **Gross Profit Margin=** $\frac{\text{Gross Profit Margin}}{\text{Net Operating Revenue}}$

- Gross Profit Margin=** $\frac{27234}{45754}$

- Gross Profit Margin=0.59*100=59%**

- **Operating Profit Margin=** $\frac{\text{Operating Income}}{\text{Net Sales}}$

- Operating Profit Margin= 11311/45754=24%**

- Net Profit Margin=** $\frac{\text{Net Profit}}{\text{Net Sales}}$

- Net Profit Margin= 10,703/45,754=23.4%**

The Coca Cola company has strong gross profit margin of 59% which depicts effective cost management and high productive efficiency. The net profit margin of 23.4 % shows good profitability after all the expenses.

Assignment 5: Conclusion and Inferences

- Main Dependencies and Key Success Factors

1. Main Dependencies:

- a. Strong Distribution Network: Coca-Cola has a solid chain of distributors, bottlers, as well as retailers through which its products get to the global market. This network is critical for sales, and any disruptions therein can have a nasty effect on the outcome.
- b. Commodity Prices: Substances which might be fluctuated easily in price many times are incorporated in the following key ingredients: Sugar for sweetness, corn for high fructose corn syrup, and aluminum for can body. These are potentialities that can influence the COCA COLA production and profitability.
- c. Consumer Preferences: The beverage industry is a competitive and ever changing one due to customers' preferences and modern trends. Consequently, Coca-Cola needs to occasionally introduce a range of new products in order to remain competitive and sale oriented.
- d. Global Political and Economic Landscape: Political conditions, unfavourable business climates, and volatile currencies can affect consumers' consumption patterns and create challenges to the organisation's operations in various countries.

2. Key Success Factors:

- a. Brand Strength: The soft drink giant Coca-Cola is one of the Companies that boasts of probably the most recognized brand identification anywhere on the planet. Brand equity has an important role of sustaining and building the relation with costumers.
- b. Product Innovation: The company needs to invest more on product and flavour innovation due to consumers' dynamic food preferences and demands.
- c. Marketing and Advertising: Promotion is an important aspect of any brand and even products, and this has to be done to the world over.

- d. Supply Chain Efficiency: This paper defines what an optimized supply chain entails; a balance of the cost of production, time of delivery and profitability.
- e. Focus on Sustainability: The environment has become a very important consideration to the consumer as they become more conscious. Coca-Cola can improve its image by adopting sustainable water usage practices, eco-friendly packaging, and recycling policies in order to attract the segment of environmentally conscious consumers.

- **Strategies adopted by the Coca-Cola company during Covid19 pandemic**

1. Prioritizing Employee Safety and Well-being:
 - a. Remote Work: Provided support to those employees who worked in offices and encouraged them to switch to remote work to adhere to social distancing policies.
 - b. Safety Measures: Installed UV lights in manufacturing facilities and offices in order to check temperature and supply sanitizing items.
 - c. Supporting Managers: Provides support and training to people managers in an organization so that they can motivate people and encourage them during a crisis.
2. Adapting to Changing Consumer Behavior:
 - a. Shifting Focus: Able to identify the loss of sales from restaurants and movie theater (fountain drinks) and adapted by shifting the focus to sales made within homes through multipack products.
 - b. E-commerce Support: Coordinated with the various retail outlets to ensure that important brands are delivered and marketed more frequently due to reduced shoppers' frequency.
3. Maintaining Business Continuity:
 - a. Supply Chain Adjustments: Engaged with bottlers and distributors to modify supply chains and guarantee the products' access despite interruptions.
 - b. Innovation Streamlining: They rationalised the number of drinks that were available in market and cut down on the

low growth brands and invested in improving the better growth brands.

- **Identifying potential growth opportunities and Future Strategies for Coca-Cola company:**

1. **Expansion into Health and Wellness Beverages:**

Consumers are increasingly health-conscious. Since Coca-Cola already has its brand image established it is high time the company came up with more nutritional and healthy products and beverages such as those with little or no sugar, the improved water products, and functional beverages with the company's added vitamins and minerals.

2. **Focus on Emerging Markets:**

On one hand, coca-cola has its established market and production facilities in many developed countries and regions, however, it has a great potential in developing countries that indicate the tendency to increase the amount of disposable income and, therefore, the consumption of beverages. This is a crucial concept as adjusting product portfolios, distribution networks, and price frameworks to accommodate such markets can be rewarding.

3. **E-commerce and Direct-to-Consumer Sales:**

The e-commerce industry is growing rapidly at a global level. Coca-Cola can enter into strategic partnerships to strengthen its online presence and subscriptions as well as look into possibility of getting into direct business delivery systems in addition to retail systems.

4. **Sustainable Packaging and Practices:**

I am inclined to agree with the notion that sustainability has become an important factor in consumers' decision-making process. Coca cola can start designing better ecological product packaging and start supporting water conservation activities; they can include ecological

approaches in the company's supply chain and market itself towards environmentally sensitive consumers.

All in all, this future strategy will highlight diversification activities; expanding the customer base; and managing sustainability together with core competencies. And by doing so, Coca cola will remain fit to face future uncertainties availing itself of the consumers' evolutions and the environmental ones as well.