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# Introduction

This is a report which seek to come up with an operational strategy for Coca-Cola. Coca-Cola is a global soft drinks company, founded in 1886, and headquartered in Atlanta, Georgia (Coca-Cola, 2021). Coca-Cola as one of the world’s most recognizable brands operates in more than 200 countries (Deshpande, et al., 2020). In the UK, Coca-Cola is the leading provider of soft drinks, with a market share of over 50%, and has a strong presence in the convenience and grocery channels (Greenthal, et al., 2022). Further, Coca-Cola is one of the leading beverage manufacturers, producing and distributing a wide range of juices, energy drinks and soft drinks (Greenthal, et al., 2022). The mission of Coca-Cola is to create a value and make a difference, inspiring moments of happiness and optimism and refresh the world (Deshpande, et al., 2020). The current challenge affecting Coca-Cola is to maintain its market position in the soft drinks industry in the face of increasing competition from rival companies, as well as to create new products that meet customer needs and preferences (Chua, et al., 2020).

## Purpose

Coca-Cola’s purpose statement is “to refresh the world and make a difference. See how our company and system employees make this possible every day and learn more about our areas of focus in sustainability.” (Coca-Cola, 2021). This statement reflects Coca-Cola’s commitment to delivering quality products and creating positive experiences for their customers. It also reflects their commitment to sustainability and social responsibility.

## Summary of the organization’s current situation

Coca-Cola is a popular brand located in the UK. It has a wide scope of products and a strong customer base. In the last few years, Coca-Cola has experienced fast growth with its' revenue rising from £1.05 billion in 2018 to £1.15 billion in 2020 (Deshpande, et al., 2020). However, rival beverage manufacturers such as PepsiCo and Red Bull who have also been introducing new products to the market have resulted to stiff competition towards Coca-Cola. Additionally, there is a growing trend towards healthier drinks, such as juices and smoothies, which has led to a decline in sales of traditional soft drinks.

Further, the operations of Coca-Cola have been impacted significantly as a result of the COVID-19 pandemic, as the restrictions forced by the government have led to decline in sales (Chua, et al., 2020). The company has responded by introducing delivery and takeaway services in some areas, and has also launched e-commerce platforms in order to reach more customers. However, this has not been enough to balance the decrease in sales, and the company requires to devise a strategy to maintain its market position and increase sales.

## The challenge

The primary challenge Coca-Cola is facing is to maintain its market position in the soft drinks industry in the face of creating new products that meet the needs and preferences of the customer, increasing competition from rival companies whilst also managing the environmental and social impacts of their operations (Chua, et al., 2020). The perspective of competition is changing quickly, with new entrants in the soft drinks market, such as energy drinks and health drinks, as well as increased competition from established players. Furthermore, there is an increasing focus on sustainability and corporate social responsibility, with consumers expecting more from the companies they buy from. Coca-Cola requires to develop a strategy that will enable them to address these challenges and remain competitive in a rapidly changing market. Coca-Cola necessitate to find a way to differentiate itself from its competitors and create a unique value proposition that will attract customers. Besides, the company requires to focus on addressing the current market trends, such as the shift towards healthier drinks, and devise a strategy to capitalize on these trends. . Finally, the company needs to find ways to mitigate the effect of the COVID-19 pandemic on its operations and increase sales (Chua, et al., 2020).

# Environmental Analysis

## Macro Trend Analysis

### Political

The government of United Kingdom imposed sugar tax on sugary drinks. This has forced Coca-Cola to increase the price of its' products, thus it has impacted sales (Cedeno, 2019). This has produced an opportunity for Coca-Cola to divert to using healthier ingredients such as stevia or low-calorie sweeteners in their products. Besides, the government has carried out a number of initiatives to promote healthier habits of eating that have led to an increase in the demand for healthier drinks.

### Economic

The exit of United Kingdom from the European Union is likely to have a significant impact on its economy. It can be confirmed that the current economic environment in United Kingdom is undetermined (Clarke, et al., 2017). This has led to a decrease in confidence of the consumer, that has impacted sales of Coca-Cola. Besides, the COVID-19 pandemic has caused disruption to supply chains globally, that has led to an increase in the cost of production for Coca-Cola.

### Social

There is an increasing focus on health and wellness, with consumers becoming more health conscious (Hallak, et al., 2019). This has led to a shift in consumer preferences towards healthier drinks, such as juices and smoothies. There is also an increasing focus on corporate social responsibility, with consumers expecting companies to have a positive impact on society.

## Highly Uncertian Key Drivers

The two most highly uncertain key drivers are the potential impact of Brexit on the UK economy and the potential impact of new entrants to the market.

### Brexit

Brexit could have a significant impact on the UK economy, which could have a negative impact on consumer confidence and spending power (Clarke, et al., 2017). This could result in a decrease in sales for Coca-Cola, as consumers may opt for cheaper alternatives. On the other hand, Brexit could also provide opportunities for the company, as it could lead to more favourable trade agreements with other countries and less stringent regulations.

### New entrants

There is a possibility of new entrants entering the market, which could lead to increased competition for Coca-Cola. This could result in a decrease in market share for the company, as new entrants may offer more competitive prices or better products (Tien, et al., 2019). On the other hand, new entrants could also provide opportunities for Coca-Cola, as they may bring new ideas and innovations to the market that could benefit the company.

## Scenario Analysis

In the matter of the potential impact of Brexit on the UK economy, the most likely scenario is that it will have a negative impact on consumer confidence and spending power, leading to a decrease in sales for Coca-Cola (Clarke, et al., 2017). The company could respond to this by introducing new products that are more affordable and appealing to consumers. Additionally, the company could look to expand its market by entering new markets or developing new products that are tailored to different markets.

In the case of the potential impact of new entrants to the market, the most likely scenario is that the company will face increased competition and a decrease in market share (Pucciarelli & Kaplan, 2016). The company could respond to this by investing in marketing and promotional activities to increase awareness of its products and differentiate itself from its competitors. Additionally, the company could look to develop new products that meet customer needs and preferences, such as healthier drinks.

## Industry Analysis

The industry of soft drinks is highly competitive dominated by a few large companies, such as Coca-Cola, PepsiCo, and Red Bull (Farris, et al., 2016). The key drivers of competitive advantage are brand recognition and product innovation. Besides, the industry is subject to a number of regulations and taxes, such as the sugar tax on sugary drinks, which has led to an increase in prices of certain products (Farris, et al., 2016). Further, there is a rocketing trend towards healthier drinks such as juices and smoothies that has led to a decrease in sales of traditional soft drinks.

The Five Forces Analysis of the industry dicloses that competition is high, with a number of established players in the market and new entrants entering the market (Budiharso, et al., 2022). The threat of substitutes is also high, as customers can easily switch to other products or alternative beverages. Additionally, the bargaining power of suppliers is high, as suppliers are able to dictate prices and terms of supply. The bargaining power of buyers is also high, as customers are able to easily switch to alternative products.

The strategic group analysis disclose that the industry is composed of two main groups: the traditional soft drinks producers and the health drinks producers. The traditional producers of soft drinks such as Coca-Cola are focused on maintaining their position in the market in the face of increasing competition (Tien, et al., 2019). On the other hand, the health drinks producers, such as Innocent, are focused on creating healthier products that meet customer needs and preferences.

Generally, the industry of soft drinks provides both threats and opportunities for Coca-Cola. The company can capitalize on the trend towards healthier drinks and differentiate itself from its competitors by initiating healthier products. Besides, the company can use its strong brand recognition to increase sales. However, the company experiences threats from new entrants, as well as increased competition and the threat of substitutes. The company requires to develop a strategy which will allow it to address these challenges and remain competitive in a rapidly changing market.

# Capability Analysis

The primary purpose of capability analysis is to find out and examine the capabilities of an organization and its resources so as to develop a viable strategy. In this section, we will use the capabilities in the context of the value chain as a framework to analyze Coca-Cola’s current capabilities and resources. The value chain is a model used to identify and analyze the various activities that are required in order to create value for customers. The subsequent capability analysis will focus on Coca-Colas' capabilities in the context of the value chain. The value chain is a mechanism used to analyze activities of a company and identify the sources of competitive advantage (Liao, et al., 2017). The value chain consists of primary activities (inbound logistics, operations, outbound logistics, marketing and sales, and service), and support activities (procurement, technology development, human resources management, and infrastructure) (Liao, et al., 2017).

## Primary activities

Inbound Logistics: Coca-Cola has an inbound logistics process which is efficient and reliable. Across UK, this inbound logistics process has a network of suppliers and distributors. The company is in a position to source materials and ingredients from local suppliers making certain that the quality of the materials is high. Furthermore, Coca-Cola has an efficient transportation system in place, enabling the company to deliver products to customers quickly and efficiently.

Operations: Coca-Cola has a well-established production process, with highly efficient production lines that enable the company to produce large quantities of products quickly and cost-effectively. Furthermore, the company has a strong focus on quality control, ensuring that products meet customer expectations.

Outbound Logistics: Coca-Cola has an efficient distribution network, with a wide range of outlets in the UK, ranging from convenience stores to large supermarkets. The company is also able to deliver products directly to customers, enabling customers to receive products quickly and conveniently.

Marketing and Sales: Coca-Cola has an extensive marketing and sales strategy, including traditional media such as television and radio, as well as digital media such as social media and search engine marketing. The company also has a strong presence in the convenience and grocery channels.

Service: Coca-Cola has a strong focus on customer service, with customer service representatives available to answer customer queries and concerns. The company also offers a range of customer loyalty programmes, such as free samples and discounts, which help to build customer loyalty.

## Support activities

Coca-Cola’s support activities include technology, infrastructure, and human resources. The company has invested heavily in technology, such as e-commerce platforms, and has also invested in infrastructure to ensure efficient production and distribution of its products (Fauska, et al., 2013). Additionally, the company has a strong team of experienced and dedicated employees who are committed to delivering quality products and services.

## VRIO Analysis

Value: Coca-Cola has a strong brand image, which is recognised and trusted by consumers. This brand image is based on the company’s commitment to quality and customer service, as well as its focus on sustainability and corporate responsibility. The company’s products are also of a high quality, which helps to differentiate the company from its competitors.

Rarity: The Company’s products are widely available in the UK, and the company is one of the leading beverage manufacturers in the world. However, the company’s products are not unique, and they face competition from rival companies, such as PepsiCo and Red Bull.

Imitability: The recipes and processes used by Coca-Cola are not easily replicated, and the company has invested heavily in research and development to develop new products. Additionally, the company has a strong brand image, which is difficult to replicate.

Organization: Coca-Cola has a well-established and efficient production process, with efficient production lines and quality control systems. Additionally, the company has a strong distribution network, as well as an extensive marketing and sales strategy.

## PESTEL Analysis

Political: The UK government has imposed a sugar tax on sugary drinks, which has forced Coca-Cola to increase the price of its products, thus impacting sales (Cedeno, 2019). Brexit could have a significant impact on the UK economy, which could have a negative impact on consumer confidence and spending power (Clarke, et al., 2017).

Economic: The COVID-19 pandemic has caused disruption to supply chains globally, leading to an increase in the cost of production for Coca-Cola (Chua, et al., 2020). The exit of United Kingdom from the European Union is likely to have a significant impact on its economy (Clarke, et al., 2017).

Social: There is an increasing focus on health and wellness, with consumers becoming more health conscious (Hallak, et al., 2019). This has led to a shift in consumer preferences towards healthier drinks, such as juices and smoothies. There is also an increasing focus on corporate social responsibility, with consumers expecting companies to have a positive impact on society.

Technological: Coca-Cola has invested heavily in technology, such as e-commerce platforms, and has also invested in infrastructure to ensure efficient production and distribution of its products (Fauska, et al., 2013).

Environmental: The Company has a strong focus on sustainability and has implemented initiatives to reduce its environmental impact.

Legal: The industry of soft drinks is subject to a number of regulations and taxes, such as the sugar tax on sugary drinks, which has led to an increase in prices of certain products (Farris, et al., 2016).

## Competitive Implications

The competitive implications of the above analysis are that Coca-Cola has a strong presence in the convenience and grocery channels, and is able to reach customers rapidly and efficiently (Baker & Friel, 2016). The com (Coca-Cola, 2021)pany’s products are highly differentiated and distinctive in the market, and the company has a strong brand image and reputation (Farhana, 2012). The company’s marketing and distribution network is also distinctive, as it is able to reach customers in different markets rapidly and efficiently (Gehani, 2016). Additionally, the company’s technology and infrastructure are also valuable and rare, as they enable the company to produce and distribute its products quickly and efficiently. However, the company faces stiff competition from rival companies, and needs to find ways to differentiate itself from its competitors in order to remain competitive. Additionally, the company needs to focus on addressing the current market trends, such as the shift towards healthier drinks, and devise a strategy to capitalize on these trends.

# Proposed Strategy

Based on the SWOT analysis conducted in the sections above, the strategy proposed for Coca-Cola is to focus on differentiation and innovation. A differentiation strategy entails creating a unique value proposition which sets the organization apart from its competitors (Payne, et al., 2017). Coca-Cola can attain this strategy by offering unique features, services or products that are not available from the competition. Besides, it involves focusing on customer needs and preferences and creating a strong customer experience. Coca-Cola should focus on developing new products that meet the needs and preferences of the customer such as healthier drinks. The company should also focus on increasing its presence in the convenience and grocery channels, as well as developing a strong online presence. On top of that, Coca-Cola should focus on increasing its promotional and marketing activities in order to increase awareness of its products and differentiate itself from its competitors.

To effectively implement this strategies, Coca-Cola needs to focus on the outlined strategies. First, Coca-Cola should focus on creating products that meet the needs and preferences of the customer. . This could involve introducing new flavors or healthier versions of existing products, as well as creating new products that cater to the growing trend of healthier drinks. Additionally, the company should focus on creating a strong customer experience, through initiatives such as personalized services and loyalty programs.

Further, Coca-Cola should should centre its efforts on its own advertising and marketing in order to effectively reach its target audience and build a strong brand identity. This could entail targeted campaigns that underline the unique features of its products, as well as campaigns which focus on the customer experience (Banutu-Gomez, 2012). Besides, Coca-Cola should focus on developing online platforms to reach more customers. This could entail growing an e-commerce platform. Besides, also this could entail investing in social media marketing to get to a wider audience.

As a way to outstand competitions in the soft drinks market, Coca-Cola requires to focus on advancing a unique proposition value which will differentiate it from its competitors (Ling, 2017). The company requires to focus on leveraging its strengths, such as its strong brand image and its focus on customer service, so as to create a unique value proposition that will attract customers. Besides, the company needs to focus on addressing the current market trends, such as the shift towards healthier drinks, and devise a strategy to capitalize on these trends. On top of that, the company requires to focus on corporate responsibility and sustainability so as to ensure that it is seen as a responsible and ethical company.

Besides, Coca-Cola as a company should focus on evolving new products that meet preferences and needs of the customer in order to remain competitive and relevant in the marketplace. This could entail initiating new flavours and variations of existing products, as well as initiating products in new categories, such as energy drinks and health drinks. Additionally, the company should focus on increasing its presence in the convenience and grocery channels, as well as developing an effective e-commerce strategy.

At the corporate level, Coca-Cola as a company should focus on rocketing its focus on sustainability and corporate social responsibility in order to improve its reputation and build a positive brand image.. The company should focus on reducing its environmental impact and developing products that are more sustainable (Crane, et al., 2019). Additionally, the company should focus on engaging with the local communities in which it operates, and increasing its focus on social responsibility initiatives.

In the end, the company should focus on developing partnerships with other organisations. This could involve forming strategic alliances with other beverage manufacturers, as well as partnering with retailers to increase the reach of its products. Additionally, this could involve partnering with organisations that are involved in health and wellness initiatives, as this could help to create a positive image of the company.

# Conclusion

In conclusion, it is suggested that Coca-Cola Company should adopt a strategy of differentiation as its primary strategy going forward. The strategy of differentiation necessitate focusing on the needs and preferences of the customer and creating a unique proposition value that sets the organization apart from its competitors. On top of that, Coca-Cola needs to focus on its advertising and marketing efforts, as well as creating online platforms to reach more customers. In the long run, Coca-Cola as a company should focus on enlarging partnerships with other organizations to increase the reach of its products and create a positive image. If this strategy is effectively and efficiently implemented, it should help Coca-Cola to maintain its position in the market in the industry of soft drinks in the face of increasing competition from rival companies. Also, the strategy should create new products that meet the preferences and needs of the customer.

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# Appendix

VRIO ANALYSIS TABLE

|  |  |  |  |
| --- | --- | --- | --- |
| Value | Rarity | Imitability | Organization |
| Coca-Cola has a strong brand image, which is recognized and trusted by consumers. This brand image is based on the company’s commitment to quality and customer service, as well as its focus on sustainability and corporate responsibility. The company’s products are also of a high quality, which helps to differentiate the company from its competitors. | The Company’s products are widely available in the UK, and the company is one of the leading beverage manufacturers in the world. However, the company’s products are not unique, and they face competition from rival companies, such as PepsiCo and Red Bull. | The recipes and processes used by Coca-Cola are not easily replicated, and the company has invested heavily in research and development to develop new products. Additionally, the company has a strong brand image, which is difficult to replicate. | Coca-Cola has a well-established and efficient production process, with efficient production lines and quality control systems. Additionally, the company has a strong distribution network, as well as an extensive marketing and sales strategy. |

SWOT ANALYSIS TABLE

|  |  |
| --- | --- |
| Strengths | Weaknesses |
| * Strong Brand Image * High Quality Products * Commitment to Quality and Customer Service * Focus on Sustainability and Corporate Responsibility * Well-Established and Efficient Production Process * Extensive Distribution Network * Strong Marketing and Sales Strategies | * Competition from rival companies |

|  |  |
| --- | --- |
| Opportunities | Threats |
| * New Markets and Product Development * Partnerships and Acquisitions * Expansion of Product Range | * Changing Consumer Preferences * Economic Uncertainty * Regulatory Changes |