Sarath M – Assignment 8 (SWOT ANALYSIS)

1. When should you perform a SWOT analysis?

In my opinion, SWOT analysis should be performed during the following times:

* At Business startup

Conducting SWOT analysis during the startup phase of the project is crucial in order to successfully implement the business objectives and attain success.

* At the end of every financial year

Performing SWOT analysis at the end of every financial year helps analyze and assess the financial performance of the organization, take necessary steps for improvement, identify and mitigate future risks.

* When the business is not hitting its target & Budgets

May be this is the essential time to perform SWOT analysis for an organization in order to identify why they are failing. This helps them look at the missed targets and budgets in a way to make improvements for the existing processes and procedures to attain desired targets and budgets.

* When you have an unusual loss of employees

Unusual loss of employees is not a good sign for any organization as it hurts its reputation and in turn shows a negative impact on revenues and investments. Conducting SWOT analysis to analyze the unusual loss helps take corrective actions in right time.

1. SWOT Analysis for Coca-Cola

Coca Cola is among the leading beverages brands of the world that owns or licenses and markets more than 500 nonalcoholic beverages brands. The beverages sold by Coca Cola can be grouped into the following categories – sparkling soft drinks; water, enhanced water and sports drinks; juice, dairy and plant-based beverages; tea and coffee; and energy drinks. Apart from them, Coca Cola owns and markets world’s top five sparkling beverage drinks including Coca-Cola, Diet Coke, Fanta and Sprite. Coca Cola products are sold in US since 1886 and now the brand has expanded to over 200 countries.  During the recent years, the soda industry has seen heavy competition. The sweeping health trends and other socioeconomic and geopolitical changes are also affecting the industry. Coca Cola invests a lot in marketing and product innovation. It brought several new products to the market in the last few years. The brand’s global presence and sales in 200 countries is supported by a large and global supply chain and distribution network. However, in 2017 the net Operating revenues of the brand have declined and there was very large impact of acquisition and divestitures of its bottling investments on its net operating revenues.

**Strengths:**

– Brand image:

Brand image is an important strength for any brand. Coca Cola has maintained an excellent brand image globally as an ethical and customer friendly brand. The brand’s image is mainly connected with the youth and youth culture.

– Global presence:

Coca Cola started selling in US in 1886 and since then its business has spread globally to more than 200 countries. Today it is a global brand with very high level of popularity.

– Supply chain and distribution network:

Coca Cola has managed a global supply chain and distribution network. This is among the primary strengths of the brand. It depends on a very large number of suppliers from several corners of the world, primarily for the supply of agricultural raw materials. In the recent years, Coca Cola has focused a lot on the optimization of its global supply chain.  An efficient supply chain and distribution network has helped Coca Cola reduce its manufacturing costs and serve its customers more effectively.

– Marketing capabilities:

In terms of marketing too, Coca Cola has made an excellent impact. It is an excellent marketer and spends a large sum on marketing and promotions of its brand and products. It has also invested a lot in digital marketing and advertising. In 2017, Coca Cola’s marketing expenditure was 3.9 billion dollars. Its focus on customer engagement through digital channels has also grown.

– Large product portfolio:

Coca Cola has a very large product portfolio. It notes in its 2017 annual report “We are committed to meeting their needs and to generating new growth through our portfolio of more than 500 brands and more than 4,100 beverage products, including nearly 1,300 low- and no-calorie products, new product offerings, innovative packaging and ingredient education efforts. We are also committed to continuing to expand the variety of choices we provide to consumers to meet their ever-changing needs, desires and lifestyles”. (Coca Cola Annual Report 2017)

– Large & Loyal customer base:

Coca Cola’s business has expanded to over 200 countries where it has a very large and loyal customer base. Customer loyalty is a very important factor driving business growth in the 21st century. However, Coca Cola also invests a lot in building customer loyalty and keeping the customers engaged.

**Weaknesses:**

– Water related issues:

Coca Cola has faced a lot of flak over water management related issues. In the past, it has faced severe criticism over water consumption. While these issues have continued, the brand is still dealing with water management related issues and is investing in water conservation among other things for dealing with the water crisis.

– Declining revenue:

For the past five years, its net operating revenues has declined steadily.  Gross profits of the brand have also fallen steadily. Net Operating Revenues declined to 35.4 Billion dollars in 2017 from 41.9 Billion dollars in 2016. Apart from that its gross profits declined to 22.15 Billion dollars in 2017 from 25.4 Billion dollars in 2016.

**Opportunities:**

– Marketing opportunities:

Marketing opportunities have grown fast in the 21st century with the rise of new technologies including digital and AI. Pepsi seems to be getting ahead in the race. Coca Cola can use these resources and technologies for effective marketing and to grow its customer engagement.

– Digitization of supply chain:

Digitizing the supply chain can also help the brand manage its productivity better and reduce the manufacturing costs. A digital supply chain will increase efficiency and productivity.

– Market expansion through partnerships:

The brand has excellent opportunities of market growth through new partnerships. Partnering with fast food or food brands can help Coca Cola grow its market share and better market its brands.

– Healthy products:

Product innovation also offers major opportunities of growth since the new generation is highly health conscious. To cater to its taste and choices, Coca Cola must include more of health friendly products. This will also help create a better image and help with marketing.

**Threats:**

– Heavy competition in the soda industry:

The competition in the soda industry has grown intense. While the last few years have brought some growth, still all the brands are highly aggressive about maintaining their market share. These brands invest aggressively in marketing and customer engagement as well as research and development.

– Increased costs of raw material and labor:

The costs of raw material and labor have increased. Apart from that a water scarcity globally is leading to higher manufacturing costs. It has led to increased cost related pressures for Coca Cola brand.

– legal and regulatory threats:

The legal and regulatory threats have increased over time and the soda industry is also feeling the pressure. Environmental conservation, food quality and labor related laws are also making growth difficult for the soda beverages brands. Noncompliance can always be costly for a brand since it results in hefty fines.

Conclusion:

Coca Cola is a global soda brand with a large distribution and supply chain and sales network. The brand is feeling the challenge from rising regulatory and legal pressures and higher competition. Coca Cola has a large and loyal customer base as well as excellent marketing capabilities. However, the challenge from Pepsi has kept growing bigger which has led to higher pressures related to research and development as well as marketing. To beat the challenge and fid faster growth the brand must bring new and healthy products and try to find partnerships that can help it expand its market size faster.