

Marketing Plan: Coca-Cola in 2015

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Purpose:

In brief the purpose is to market a new innovative beverage packaging for Coca-Cola. The packaging has been designed around the brief 'consider the creation of a new concept form of beverage packaging container for 2015.'

The Coca-Cola Company is one of the largest manufacturers, distributors and marketers of nonalcoholic beverage concentrates and syrups in the world. Coca-Cola's headquarters are in Atlanta, Georgia, in America. It is best known for its flagship product, Coca-Cola, and is one of the largest corporations in the United States.

Today, Coca-Cola is an internationally recognized soft drinks company with ambitious plans to further grow the brand. The company owns the majority of the soft drinks available in coolers and in vending machines in the western world. Some of these brands include, Coca-Cola and sub brands¹, Dr Pepper, Fanta, Sprite, Oasis and PowerAde. A full list of Coca-Colas affiliated brands can be found on their corporate website².

The 2005 Annual Report states the company sells beverage products in more than 312 countries or territories.³ The international presence of Coca-Cola is phenomenal and its logo, advertising and colours are among the most recognized in the world.

Mission:

Taken from thecoca-colacompany.com
Everything we do is inspired by our enduring mission:

- To Refresh the World... in body, mind, and spirit.
- To Inspire Moments of Optimism... through our brands and our actions.
- To Create Value and Make a Difference... everywhere we engage.

Coca-Cola's product is the concentrate; this is sold to various licensed Coca-Cola bottling companies around the world. The bottlers, who have contracts with the company, produce the finished product as we know it, in cans and bottles, combining the concentrate with filtered water and sweeteners.

The bottlers sell, distribute and merchandise Coca-Cola in cans and bottles to different outlets such as stores and vending machines. Coca-Cola Enterprises is the largest Coca-Cola bottler in North America, Europe, Australia and Asia. The Coca-Cola Company also sells concentrate for fountain sales to major restaurants and food service distributors such as McDonalds. "One of our great strengths is our ability to conduct business on a worldwide scale while maintaining a local approach."⁴

Currently Coca-Cola is expanding its Diet Coke range, with a new "healthy soda" Diet Coke with Vitamins B6, B12, Magnesium, Niacin, and Zinc, marketed as "Diet Coke Plus". This is to appeal to an ever increasing market for healthier drinks as oppose to soft drinks with high amounts of sugar⁵.

The soft drinks market is very competitive and Coca-Cola has had their share of success and failure stories with the launches of new products. Most famously the female sale increase from Diet Coke's TV adverts in the 90's.

¹ Appendix A, *Coca-Cola, Coke and variations*

² <http://www.thecoca-colacompany.com/brands/brandlist.html>, *Coca-Cola: List of Brands*

³ <http://www.sec.gov/Archives/edgar/data/21344/000104746906002588/a2167326z10-k.htm>, *Coca-Cola Company Annual Report 2005*

⁴ <http://www.thecoca-colacompany.com/ourcompany/aboutbottling.html> *Coca-Cola Company website: About Bottling*

⁵ *Healthy Eating and Drinking – UK Consumer Goods Intelligence*, September 2007

The largest of failures here in the UK though being the unsuccessful bottled water DeSani, which suffered bad press and was found to be similar to tap water, as oppose to all other bottled water in the UK which is spring water.⁶

Marketing Audit SWOT Analysis

Strengths:

- Market leader in soft drinks.
- Coca-Cola has massive world appeal. The product's image is loaded with over-romanticizing, and this is an image many people have taken deeply to heart. The Coca-Cola image is displayed on T-shirts, hats, and collectible memorabilia. This extremely recognizable branding is one of Coca-Cola's greatest strengths.⁷
- Additionally, Coca-Cola's bottling system is one of their greatest strengths. It allows them to conduct business on a global scale while at the same time maintaining a local approach. The bottling companies are locally owned and operated by independent business people who are authorised to sell products of the Coca-Cola Company. Because Coke does not have outright ownership of its bottling network, its main source of revenue is the sale of concentrate to its bottlers.
- Social Responsibility, sponsorship of UK Football Leagues, continual sponsorship of the Olympics.
- Coke Music
- Other brands owned by the Coca Cola company that have a strong brand image.⁸
- Seasonal advertising awareness e.g. TV Christmas advert and summer advert.

Weaknesses:

- Coca-Cola has effects on the teeth which is an issue for health care.
- It also has got sugar by which continuous drinking of Coca-Cola may cause health problems.
- Being addicted to Coca-Cola also is a health problem, because drinking of Coca-Cola daily has an effect on your body after few years.
- Brand market share makes Coca Cola direct competition for competitors and new competitors emerging in the market.
- Previous failed marketing strategies such as coke zero and Desani.

Opportunities:

- Opportunity to introduce new product onto market, marketing pull
- Brand recognition is the significant factor affecting Coke's competitive position.
- Coca-Cola's brand name is known well throughout 94% of the world today
- The primary concern over the past few years has been to get this name brand to be even better known.
- Packaging changes have also affected sales and industry positioning, but in general, the public has tended not to be affected by new products.⁹
- Need for 'green business' and sustainability in packaging business.

⁶ Appendix M – *Things Get worse for Coke*, The Guardian

⁷ http://www.coke.net/app/home/portal/lut/p/.cmd/cs/.ce/7_0_A/.s/7_0_10D/_th/J_1_FL/_s.7_0_A/7_0_VO/_s.7_0_A/7_0_10D

⁸ <http://www.thecoca-colacompany.com/brands/brandlist.html>, *Coca-Cola: List of Brands*

⁹ Appendix N – *Coke seeks strategy to lift Zero*, Marketing Week

- Coca-Cola's bottling system also allows the company to take advantage of infinite growth opportunities around the world. This strategy gives Coke the opportunity to service a large geographic, diverse area.
- Investment into developing countries.
- Opportunities to develop social responsibility in narrower demographics.

Threats:

- Currently, the threat of new viable competitors in the carbonated soft drink industry is not very substantial.
- The threat of substitutes, however, is a very real threat. Possible substitutes that continuously put pressure on both Pepsi and Coke include tea, coffee, juices, milk, and hot chocolate.
- Even though Coca-Cola and Pepsi control nearly 40% of the entire beverage market, the changing health-consciousness of the market could have a serious affect. Of course, both Coke and Pepsi have already diversified into these markets, allowing them to have further significant market shares and offset any losses incurred due to fluctuations in the market.
- Consumer buying power also represents a key threat in the industry. The rivalry between Pepsi and Coke has produced a very slow moving industry in which management must continuously respond to the changing attitudes and demands of their consumers or face losing market share to the competition.
- Furthermore, consumers can easily switch to other beverages with little cost or consequence. (Fast moving goods)

PEST Analysis

<p>P</p>	<ul style="list-style-type: none"> • Education Secretary Ruth Kelly has announced her intention to ban junk food from school canteens and vending machines in England by next September.¹⁰ • More than a third of the waste paper and plastic collected by British local authorities, supermarkets and businesses for recycling is being sent 8,000 miles to China without any knowledge of the environmental or social costs. The government insists that companies have export licenses but few if any checks are made in British ports. The Environment Agency admits that it is unable to check what is being exported.¹¹ • Supporters of a pre-9pm watershed ban on junk food advertising are increasing pressure on the government through the introduction of another private member's bill. The bill, introduced by Labour MP Nigel Griffiths, is not only aiming to impose a pre-9pm watershed ban on junk food advertising on TV but is also seeking "significant restrictions" on non-broadcast marketing.¹²
<p>E</p>	<ul style="list-style-type: none"> • The value of the soft drinks market has benefited from growth since the late 80's. Between 2001 and 2005 the value has increased 21.2%¹³ • Carbonates continue to account for more than half the soft drinks market in terms of value, although their share fell from 60.3% in 2001 to 56.1% in 2005 as consumers switched to other drinks for health reasons.¹⁴ • Interest rates cut 5.5%¹⁵ freeing up disposable income of mortgage owners, potentially in target market (25-35 years) potential for fast moving consumer goods price increase.¹⁶ • Market was worth £9.28bn (est.) in 2005, increase sales seen in hot summers in take-home sales.
<p>S</p>	<ul style="list-style-type: none"> • Health Problems concerned with sugar carbonated drinks, linked to child obesity¹⁷ and bad teeth. Children media exposure attacked for problem and advertising restrictions made as discussed in Political section. • Channel 4 recently did a large exposé on Coca Cola child labour in El Salvador, could alter buyer behavior as consumers have a increased interest in the source and manufacture of products in regards to fair-trade and the environment.¹⁸ • Fairtrade and environmentally friendly packaging become increasing concern with increased awareness of recycling. Consumers have become more inclined to purchase goods sporting the Fairtrade logo. • Sporting sponsorship deals provide links made to sport and health. The sponsorship gives the brand a healthier appeal for consumers. Coca-Cola are a frequent sponsor of the Olympic games and in the UK sponsor the football leagues. (Coca Cola Championship, Coca Cola League 1 & 2)
<p>T</p>	<ul style="list-style-type: none"> • Reseal able coke can soon to be on sale in the UK as reported in the Mirror Oct-21-07 • 'Sprite Ice' in testing; when opened a chemical in the drink turns a portion to ice.¹⁹ • Coke Music making a younger demographic more aware of the brand through an ever increasing digital music market. • Coca-Cola is launching a new lightweight bottle to reduce the amount of waste plastic.²⁰

¹⁰ Appendix B, *Clampdown on School Junk Food* direct.gov.uk

¹¹ Appendix D, *The UK's new rubbish dump: China*, The Guardian

¹² Appendix G, *Second bill seeks ban on junkfood ads*, The Guardian

¹³ Appendix E, *UK Market for soft drinks by value*, Key Note

¹⁴ Appendix E, *UK Market for soft drinks by value*, Key Note

¹⁵ Appendix F, *Intrest rates cut 5.5%*, The Guardian

¹⁶ Appendix E, *UK Market for soft drinks by value*, Key Note

¹⁷ Appendix H, *Fears about childhood obesity*, BBC News

¹⁸ Appendix I, *C4 accuses coke on child labour abuse*, Marketing Week

¹⁹ Appendix J, *Coke considering 'Sprite with ice'* Marketing Week

²⁰ Appendix K, *Coca Cola unveils plans to cut plastic bottle waste*, lifestyle.aol.co.uk

Marketing Plan: Objectives and Strategies

Marketing objectives follow:

- Change Coca-Cola’s brand image towards more global/local responsible attitude.
- Inform target audience about features and benefits of the new product.
- Boost sales based on the predicted overtaking of carbonated drinks by health drinks by 2015.

Product Description

The new beverage packaging is aimed at the Diet coke range of Coca-Colas product portfolio. It is a refillable bottle aesthetically styled to appeal to sports/fitness audience. The new beverage container is made from sustainable sourced materials and production methods.

The beverage container is unique in the way the consumer is encouraged to re-use/refill it. Being the first to offer a new product feature is a proven competitive strategy. Future improvements to the product create the impression the company cares about satisfying its customers, material technology improvements in the future would further the design.



Features	Benefits
<ul style="list-style-type: none"> • Sports/fitness design • Whatever coke product has been put in the bottle by the dispensing unit the logo is present on the bottle. • Ergonomically Designed 	<ul style="list-style-type: none"> • Coke lifestyle connotations • Health/fitness lifestyle connections • Fair-trade, sustainability, eco-friendly connections. • Cheaper product in the long run

Pricing Strategy

On the right is a marketing tool to work out pricing strategy. Coca-Cola have a high market share, competitor pressure has forced customer sensitivity to price to be fairly high, sales volume is of course high and profit margin is fairly low as the Coca-Cola products are fast moving consumer goods. This points to penetration strategy.

Penetration pricing means the setting of lower rather than high prices to achieve potentially dominant market share.

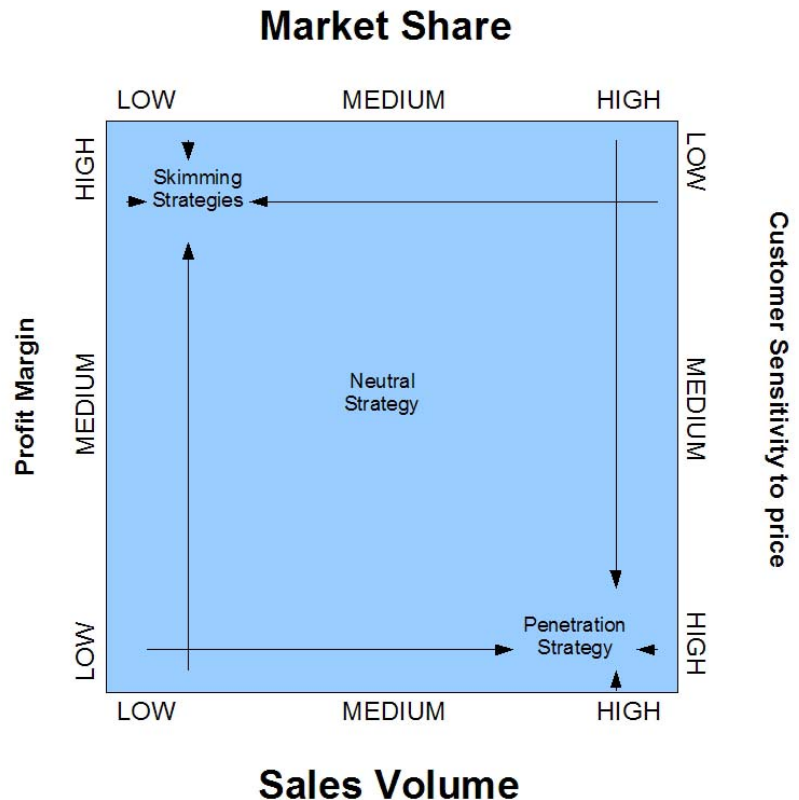
This can only be done where demand for the product is believed to be highly flexible, basically demand is price-sensitive and either new consumers will be attracted, or existing consumers will buy more of the product because of a low price.

A good penetration strategy may lead to large amount of sales and large market shares.

The strategy may also promote complimentary products. The main product may be priced low to attract sales, customers are then sold accessories. This strategy will work nicely in promoting re-use of Coca-Cola packaging via a beverage holder of vessel which is purchased separately and refilled.

The potential disadvantage of bringing in this strategy is the likelihood of competitors doing the same by reducing their prices, therefore damaging any advantage of the reduced price.

Price Penetration is most appropriate in industries where standardization is important. The product that achieves high market penetration often becomes the industry standard, in regards to the new Coca-Cola beverage vessel, it is trying to create a standardization of how consumers use the beverage container. Coca-Cola are likely to receive stiff competition soon after introduction of the product, although the product that achieves high market penetration often becomes the industry standard and other products, even superior products, become marginalized. Standards carry heavy momentum.



Marketing Communications

The following areas of the marketing communications mix will all be looked at to consider the relative strengths and weaknesses and if and how they will be applied in the case of this plan.

Advertising - Any paid form of non personal presentation and promotion of ideas, goods, or services by an identified sponsor.

Personal selling - Personal presentation by the firm's sales force for the purpose of making sales and building customer relationships.

Sales promotion - Short-term incentives to encourage the purchase or sale of a product or service.

Public relations - Building good relationships with the company's various publics by obtaining favorable publicity, building up a good "corporate image", and handling or heading off unfavorable rumors, stories, and events.

Direct marketing - Direct communications with carefully targeted individual consumers to obtain an immediate response and cultivate lasting customer relationships.



Advertising Form:	Strengths/Weaknesses:	Tools or tactics:
Billboards	<ul style="list-style-type: none"> Strengths: Seen by a large audience, hard to avoid, large presence, people highly receptive. Weaknesses: Because its an old form of advertising and so widely used consumers learn to ignore it, doesn't target audience. 	Coke have incorporated interesting billboards before, they frequently advertise on the neon displays in both Piccadilly Circus in London and Times Square New York. They have also used 3D billboards in the United States. ²¹ Unnecessary for product launch as consumers will probably be more inclined and used to this form of advertising by 2015.
TV Adverts	<ul style="list-style-type: none"> Strengths: Seen by a large audience, can be targeted on specific programmes/channels, good communication device. Weaknesses: watershed on junk food soon in place, Sky+ and digital TV allows skipping of adverts. 	Coke have good cult TV adverts, such as their Christmas advert which consumers pay attention to seeing around this time of year. Watershed on junk food advertising will prevent current Coca-Cola products being advertised, like McDonalds though, The proposed idea will help combat this and mean this form of advertising is still viable.
Magazine/Newspaper	<ul style="list-style-type: none"> Strengths: Target market specific, readers highly receptive. Weaknesses: consumers have learnt that glossy magazines are full of adverts and flick through them. 	Advertising in lifestyle magazines with any emphasis on sports, fitness, health and crossovers in cokes lifestyle image would be a viable form of advertising for the new product.

²¹ Appendix L – Examples of Coca-Cola Billboards

Public/Street Furniture	<ul style="list-style-type: none"> • Strengths: Seen by a large audience, events or places e.g. football stadium, good for brand association. • Weaknesses: Not long timescale, needs to be updated frequently to attract audience. Not always reaching target 	Continue Coca-Cola's sponsorship of Olympics and UK football leagues with emphasis on Coke's range of healthier drinks. Good for brand image lifestyle and looks better for coke's social responsibility.
Online advertising	<ul style="list-style-type: none"> • Strengths: Can be targeted on specific websites, good communication device, cheap • Weaknesses: Email's from businesses can be flagged as SPAM, Opportunities in social networking sites for viral advertising. 	In the form of email to subscribers, informing them on new product. TV style adverts can be directly shared with users on the social networking site YouTube and good adverts have created cult followings on the Video websites.

As already said Coke is a massive global brand with huge brand awareness, the emphasis of advertising would be on a TV advertising campaign which would be on the company website and virally spread on social video sites such as YouTube. The advert should gain cult status and in theory the target market will virally spread the advert to friends in the same market. Consumers are highly responsive to videos they have chosen to watch on the web. Reaching the target market through more sport sponsorship promotes cokes lifestyle image and the new healthier product well.

Personal Selling

The sales force needs to communicate with current distribution channels for Coca-Cola. Coca-Cola Enterprise currently distribute cooler fridges and vending units to community centres, sports halls and shops. These would be replaced via a liquid dispensing vending unit which the distributor is likely to take on board because of Coke's market share. But due to Coca-Cola's recent failures with DeSani²² and Coke Zero²³ they might need more incentives. Along with information on the benefits of switching units incentives based on Coke's sponsorship deals could be offered such as free tickets to sporting events, such as football.

²² Appendix M – *Things Get worse for Coke*, The Guardian

²³ Appendix N – *Coke seeks strategy to lift Zero*, Marketing Week

Sales Promotion Form:	Strengths/Weaknesses:	Tools or tactics:
<p>Price deal:</p> <p><i>A temporary reduction in price.</i></p>	<ul style="list-style-type: none"> • Strengths: Great response in Fast moving consumer goods where brand loyalty isn't definitive. • Weaknesses: Sales Volume might not reach desired target and profit margins might not meet requirements. 	<p>As the pricing strategy is penetrative this would be a well worthy promotion form.</p>
<p>Loyalty rewards program:</p> <p><i>Consumers collect points, miles, or credits for purchases and redeem them for rewards.</i></p>	<ul style="list-style-type: none"> • Strengths: Provides incentive to be brand loyal, new customers encouraged to switch brands to get reward. • Weaknesses: advertising has to be in place about the scheme 	<p>Loyal customers with the refillable bottle will reap benefits of price reduction compared to competitors because they won't be purchasing packaging.</p>
<p>Coupons:</p> <p><i>Coupons have become a standard mechanism for sales promotions.</i></p>	<ul style="list-style-type: none"> • Strengths: Encourages customers to purchase an item they may not have before. • Weaknesses: doesn't encourage any loyalty to the product. 	<p>Coupons don't fit into Coke's brand image and I think will be to old fashioned in 2015.</p>
<p>On-line couponing:</p> <p><i>Coupons are available on line. Consumers print them out and take them to the store.</i></p>	<ul style="list-style-type: none"> • Strengths: Seems more exclusive than in store coupons, encourages users onto company website. • Weaknesses: Need distributor co-operation 	<p>Online coupons are much more accessible than regular coupons and the process of getting them online could be linked with Coke's Digital Music store.</p>
<p>Online interactive promotion game:</p> <p><i>Consumers play an interactive game associated with the promoted product.</i></p>	<ul style="list-style-type: none"> • Strengths: Keeps customer on website, likely to pass on to friend therefore viral • Weaknesses: Market specific promotion, 	<p>Interactive ads online make a nice experience for the user, a flash game could allow users to experience the new vending method.</p>
<p>Contests/sweepstakes/games:</p> <p><i>The consumer is automatically entered into the event by purchasing the product.</i></p>	<ul style="list-style-type: none"> • Strengths: Good prizes are likely to draw repeat purchases to try again, • Weaknesses: Large brands are likely to put people off thinking their chances of winning is lower. 	<p>Contests linked with Coca-Colas sponsorship companies, such as competitions for tickets to sporting events.</p>

Public Relations Form:	Strengths/Weaknesses:	Tools or tactics:
Press Release: <i>Regarding C4 accusations of Child Labour.</i>	<ul style="list-style-type: none"> • Strengths: Increase brand image appeal, show company to be socially responsible • Weaknesses: Can't erase the past, Nike still suffer from employing sweat shop workers in the early 90's 	Produce an article in broadsheet paper on Coca-Cola's new product which is sustainable on every front, materials, production and re-usable packaging. Showing Coke's recognition of global responsibility to reduce CO2 emissions.
Press Release: <i>Regarding child obesity, increasing need for health drinks</i>	<ul style="list-style-type: none"> • Strengths: Increase brand image appeal, show company to be socially responsible • Weaknesses: Hard to regain consumer trust 	Article in newspapers about Coke's new Diet Coke product range with fitness and health in mind.

Direct Marketing

Direct marketing's effectiveness can be measured directly. If Coke sent out one million mail advertisements/promotions, and ten thousand customers can be tracked as having responded to the promotion, Coke can see the campaign led directly to the responses. Online promotions can be tracked and this would be in place with Coca-Cola as discussed in the promotions plan.

Action Plan

Start Date (chronologically)	Completion Date (estimated)	Action & Comments	Resources required
Launch of new bottle in 2015	2-3 months after release	TV Advertising - Advertising should be focus group tested to ensure it will have the impact it requires.	To be specified nearer the time of 2015 when financial forecasts are available.
ASAP	NA	Press Release - Coke should be looking at bringing out press releases in the near future to portray a better brand social responsibility.	
Launch of new bottle in 2015	2-3 months after release	Sales Promotion - Initial price reduction to increase market share.	
2 months after release	4-5 months after release	Sales Promotion - Instant competition when product purchase	

Conclusion

The marketing strategy for Coca-Cola's new product will come into place in 2015, based on trends emerging now this plan has identified the carbonated drinks market has probably peaked and likely to be overtaken by healthier drinks as the market leader in the soft drinks market.

Researching Coca-Cola's product range has identified the Diet Coke range as the most likely, with marketing pull to still succeed in the future. The diet coke range has combats health concerns which are found in the Coca-Cola flagship product.

Coca-Cola is all about buying into a lifestyle, and the new lifestyle in 2015 will much more health conscious. In this report I have shown reason for Coke to tie themselves up with sports sponsorship to promote a brand image of health and fitness.

The new beverage vessel is refillable in the hope of reducing pressure on landfill and showing coke as being a global and socially responsible company. The beverage container is styled to appear an essential for an active, fit lifestyle.