

Analysis on the Success of Coca-Cola Marketing Strategy

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ABSTRACT

Nowadays, Coca-Cola could be found in every corner of the world. No matter you are in the most bustling city or a remote village, there must be a Coca-Cola vending machine near by your house. In 1998, the brand value of Coca-Cola reached 83.845 billion US dollars, ranking first in the world for three consecutive years. This paper reports a longitudinal study on the factors of successful Coca-Cola Marketing Strategy. Because the development of Coca-Cola company lasts for a hundred years, the study collects some data from Internet, then does the analysis and draws the conclusion. After reading this article, it will be easier for you to measure how Coca-Cola operates successfully from three indicators: advertising, product innovation and brand culture.
Keywords: *Coca-Cola, marketing strategy, advertising, product innovation, brand culture*

1. INTRODUCTION

The Coca-Cola is the largest beverage company in the world, with a global market share of 48%. And Coca-Cola is in the Fortune Global 500 list these years which shows this company has already been an empire in the beverage industry. But actually in 1886, Coca-Cola was initially sold in pharmacies, with the first coke selling for 5 cents and an average of nine bottles a day. Looking back now, it is extremely hard for us to believe that 134 years ago the Coca-Cola made only \$0.45 a day. The dramatic shift in Coca-Cola's market position caught my attention. Thus, this

paper sheds light on, what efforts the Coca-Cola made helps it become the most successful beverage brand in the world. In terms of marketing strategy, this study tends to briefly analyze from three aspects: advertisement, product innovation, and brand culture. This study will improve our understanding of how a company runs successfully and guide us to learn its methodology.

2. ANALYSIS

2.1. The Achievement of Coca-Cola Company

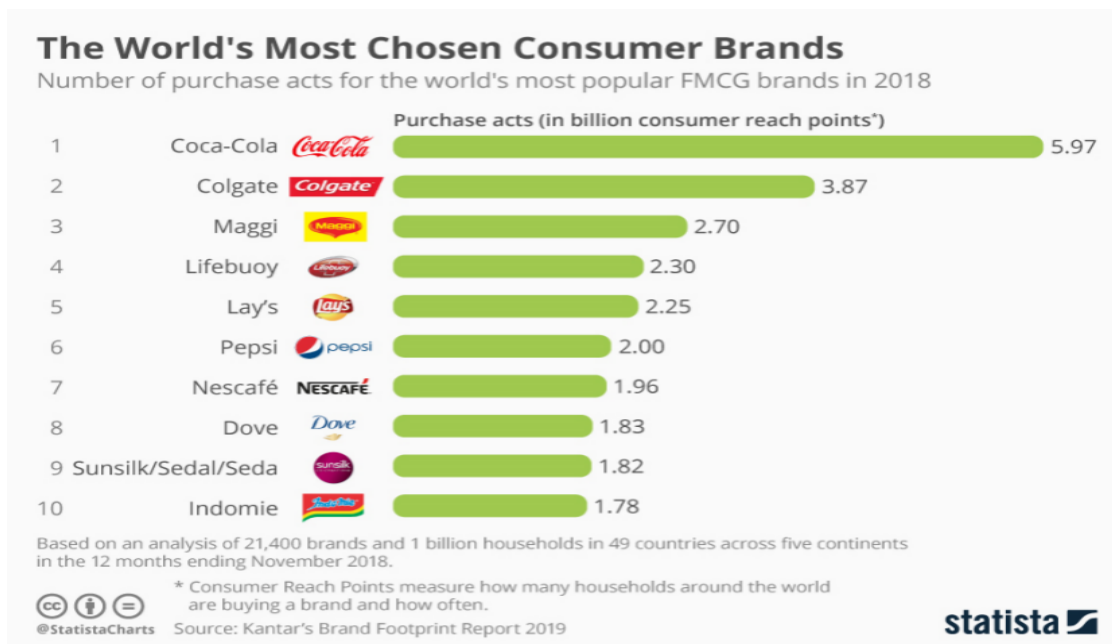


Figure 1 The world's most chosen consumer brands [1]

2.1.1. Advertisement

Coca-Cola's advertising strategy is unmatched in the world. John Woodruff, the former boss of Coca-Cola, famously said: "Coca-Cola is 99.61% carbonic acid, syrup and water. If it wasn't advertised, who would drink it?" [2] Indeed, the success of Coca-Cola heavily depends on its advertising. Coca-Cola now spends more than \$600 million a year on advertising worldwide. Taking China as an example, Coca-Cola was the first foreign company to enter in China after China's reform and opening up, and the first to advertise in China. At that time, China asked Coca-Cola for sponsorship. Therefore, Coca-Cola offered a condition of sponsorship: a Coca-Cola commercial was added before the documentary aired. This became the beginning in the history of TV advertisement in New China. In order to raise waves

in China, the country which has largest population in the world, Coca-Cola's advertising strategy has changed significantly in 1997. It abandoned the typical American style advertisement put in China, instead, the company began to incorporate local Chinese culture into its ads then released them to the Chinese market.

Simply put, Coca-Cola's New Year's Film for China shot in a typical Chinese situation. Traditional Chinese arts such as couplets, puppets and paper-cuts were used to express the strong local flavor of China through folk activities such as sticking Spring Festival couplets and setting off fireworks. In a short space of time, Coca-Cola became a local product in China, and this acquainted image indeed achieved the effect of communicating with Chinese consumers. So the company decided to choose the Chinese idols who are highly topical to be their image spokesman.

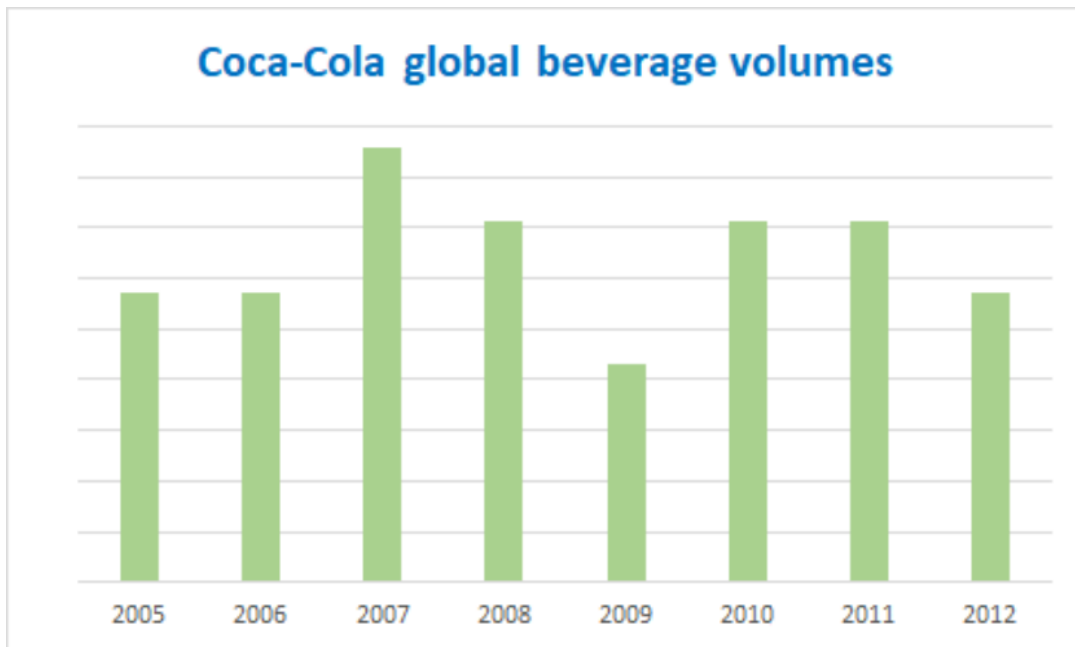


Figure 2 Coca-Cola global beverage volumes [3]

At 22:08 on the evening of July 13, 2001, President of the International Olympic Committee, Mr. Samaranch announced that Beijing would be the host city of the 2008 Olympic Games. immediately, Coca-Cola launched its production line and logistics chain overnight to create a new gold, limited edition, commemorative can for the successful Olympic bid. However, other oversea beverage brands introduced to China during the same period only used their local advertising style which could not attract Chinese customers. Not only in China, the Coca-Cola set off a craze all over the world. Fig.2 indicates that the Coca-Cola dominates the beverage market with a large volume. [3] Apparently, Coca-Cola's advertising success has proved to be very competitive in the beverage market.

2.1.2. Product innovation

When a large number of small innovations continue to improve and accumulate to a certain extent, there will be a huge innovation that leads to qualitative change. For catering companies, mutational innovation has potential risks. Gradually increasing the added value of products damages to industry pattern and is also conducive to the long-term development of the company. Coca-Cola understands this theory well so their approach is incremental innovation, that is to fully live up the development possibility in a bottle of small carbonated drinks. Before the 21st century, the Coca-Cola had elaborately designed their product and kept bringing some new ideas. For instance, in 1916, in order to

distinguish Coca-Cola from its competitors, the company introduced the classic contour bottle, which can be recognized even after dark. In 1923, Coca-Cola went public in six packs. Although the carton packing is common today, it was still an innovation at that time, as Coca-Cola encouraged people to take their bottles home and drink more of them. Furthermore, what needs to be mentioned is that Diet Coke made soda history in 1982 as the brand extension of Coca-Cola and Coke in the first time. In less than two years, Diet Coke became the no. 1 low-calorie soda drink in the world.

Apart from this, entering the 21st century, the Coca-Cola has not only innovated their products but also created a lifestyle for people. For example, the society advocates every one to chase for the healthier drinks, yet, the carbonated drinks give most of us an unhealthy impression. Coca-Cola knows well the consumers' concern, so in 2017, Coke Zero Sugar was announced with an artificial aspartame sweetener. Then Coca Cola introduces the Zero Calorie Plus which helps to inhibit fat absorption and decreases triglycerides in the blood after eating. [4] It is not difficult to see that the innovation of the above products is around the common topic of "health", in order to be closer to consumers' pursuit of healthy life. To everyone's surprise, the Coca-Cola not only puts its eyes on the drinks, but also makes people find Coca-Cola everywhere in their lives. From clothes, shoes to lighters and even beauty products, Coca Cola has injected new blood by co-branding with many of popular and fashionable brands, and to a certain extent, it has rekindled its appeal to the younger generation of consumers. The reason why Coca-Cola performs so outstanding in product innovation is that they know their products well and make the best use of their value.

2.1.3. Brand culture

Brand is the wings of goods, which means goods rely on the brand popularity and go far. After a hundred years of efforts, Coca-Cola has grown to be a mature brand with its own profound culture. First, unifying visual image is an effective way to strengthen and deepen the publicity effect. Coca-Cola company has uniform standards and strict requirements. Coca-Cola, for example, chooses bright red as its identification color, from employees' clothing to product packaging. Over time, people who see bright red will associate with Coca-Cola products, and then initiate the idea of buying them. Or once they have the desire to buy Coca-Cola products, they will look for the selling points of the big red logo.

Second, to establish a brand culture, the brand visibility is also important. Take Qingdao Coca-Cola company as an example, the company provides a large number of free awnings with strong Coca-Cola color for the selling points, and delivery cars with mobile advertising run in the street, etc., making the Coca-Cola brand widely seen in this area. Moreover, the Coca-Cola company is also concerning about the promotion of spiritual culture. There is a famous saying from the Coca-Cola "There's nothing like going home.

", which emotionally appeal to the customers and shows customers Coca-Cola is not a cold brand. Coca-Cola does a great job on considering the feelings, thoughts and psychological needs of consumers when using their products. An organization sent out 30 questionnaires, the respondents were students and staff of Oriental College. The study shows that 90% of respondents have drunk and occasionally consumed Coca-Cola. When asked why they chose Coca-Cola, 31.8% of respondents buy it because of its well-known brand. [5] From this survey, it is easily to draw the conclusion that Coca-Cola has high customer loyalty, and the brand culture has been deeply rooted in people's hearts.

2.2. Challenges and Adjusting Strategies

Coca-Cola's achievements aren't be denied, but in recent years, the development of Coca-Cola company has encountered some challenges. The graph Fig.3 shows apparently the revenue scale and growth rate of Cola-Cola company over the period from spring 2018 to fall 2020. [6] From 2019Q2 to 2020Q2, the revenue scale decreases from 99.97 hundred million dollars to 71.5 hundred million dollars.

Besides, the QoQ growth rate presents as negative growth from 2019Q3 till 2020Q2. In the summer of 2020, the YoY growth rate even exceptionally dropped to -28.5%. This result is certainly affected by the COVID-19, but in 2019, when COVID-19 was not yet on the scene, Coca-Cola's financial performance was not as competitive as before.

There is an assumption to explain why Coca-Cola is not as good as it used to be. Because the milk tea and fruit tea brands headed by HEYTEA, COCO, GongCha have also set off a boom in the world. These drinks have something in common: the packaging is girlish and elaborated; the decoration of milk tea shop tends to be fresh, beautiful style, for the pursuit of beauty and fashion of young people, and the shop becomes a good place to take photos and party; marketing and topics have influenced people's impression of milk tea, endowed milk tea with gentle and sweet emotional significance, and promoted people's sense of identity to it. Consequently, the Coca-Cola's status in beverage industry has been shook in the short term.

Nonetheless, the Coca-Cola company did not await one's doom. They launched four new hot drinks, covering three brands of Qiao Ya, Minute Maid and Chuncha House, including milk tea, latte, grapefruit tea, Pu'er tea and so on. Among them, milk tea and grapefruit tea are specially developed for the hot drinks demand of Chinese consumers. The series of hot drinks introduced this time all adopt the specification of 268ml bottle, and the products are mainly placed in the warm cabinet for sale as hot drinks. The Choa Full-bodied latte costs 6 yuan a bottle, while the other three hot drinks all cost 5 yuan a bottle. [7]

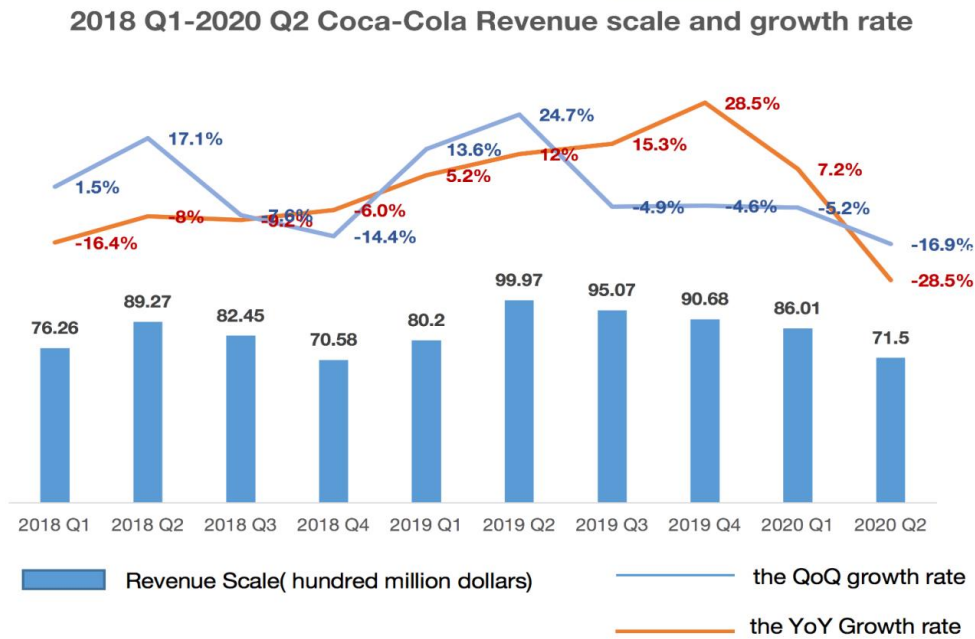


Figure 3 2018 Q1-2020 Q2 Coca-Cola revenue scale and growth rate [6]

In the promotion, Coca-Cola launched hot drink equipment to strengthen the concept of hot drink. "For customers who already have hot drink machines or warmers, Coca-Cola will rely on their existing equipment. For customers who do not have a warm cabinet, Coca-Cola will provide a hot drink machine for heating and display of hot drink products." The Coca-Cola chief said. [8] In marketing, Coca-Cola adopts the strategy favored by young people and cooperates with web celebrity IP to achieve full coverage of online communication. According to the characteristics of the hot drinks series, Coca-Cola also customized visual materials and cartoons for promotion in offline stores.

3. CONCLUSION

Consciously, Coca-Cola could stand out among the tens of thousands of beverage brands around the world mainly benefited from its fabulous marketing strategy, including advertisement, product innovation, and brand culture. First, the advertisement brings Coca-Cola popularity and corporate recognition. Besides, the product innovation enables customers always maintain freshness to Coca-Cola's products. Last, the brand culture of Coca-Cola has established a distinct brand positioning, so the customers will form a high degree of recognition of the brand in spirit and ultimately form a strong brand loyalty. Even though the Coca-Cola has faced some challenges, it can also learn from those challenging experience and keep perfecting its products. Therefore, I do believe the Coca-Cola will grow with a good prospect in the next decades and still be the bellwether of the whole beverage industry, because it is flexible and professional in marketing.

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