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Coca Cola Dilemma and Marketing Management Innovation in China

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ABSTRACT
The Internet's development is an unavoidable result of the passage of time. People's values, moral standards, ways of thinking, and behavior habits have all changed dramatically as the Internet has grown in popularity. Fruit juice drinks and tea drinks have seen tremendous growth in recent years as people's knowledge of healthy consumption has increased, while the market for carbonated beverages has dropped. When people think of carbonated beverage, the first brand most people come up with is Coca Cola. Coca Cola's international success has helped it become one of the most recognized brands in the world. On the one hand, enterprises continue to develop carbonated drinks with low calories and low sugar, On the other hand, enterprises develop other drinks, which not only enrich the product line, but also add another profit. If Coca Cola wants to find new business opportunities under such fierce social competition, it must adopt new marketing management methods to get out of the dilemma. In this article, the author specifically focused on packaging strategy, publicity strategy and channel strategy that Coca Cola in China utilized to cope with the current circumstance. This study is intended to show that companies should always pay attention to the changes of the enterprise's external environment in order to take effective measures to deal with it.

Keywords: *Coca Cola, Packaging, Publicity, Marketing management.*

1. INTRODUCTION

Coca Cola Company said that its diversity spans the globe with a portfolio of over 3,300 beverages, ranging from diet and regular sparkling beverages to still beverages, such as 100 percent fruit juices and fruit drinks, water, sports and energy drinks, teas and coffees, and milk- and soy-based beverages [1]. Coca-Cola was founded in 1886 in Atlanta, Georgia. Coca-Cola was named third among the world's top 100 most valuable brands in October 2016. By the end of 2014, Coca-Cola has invested more than $9 billion in the Chinese market since its comeback in 1979. Coca-Cola's objective is to drive all areas of the company's growth in the direction of long-term, high-quality growth. Coca-Cola has been developing worldwide for the past fifty years, and it has positioned itself better than any other beverage company [2]. According to the financial report released by Coca Cola in 2017, both net income and net profit declined. Coca Cola achieved a net income of $35.41 billion in 2017, which is a decrease of 15%; the net profit attributable to shareholders of listed companies was $1.248 billion, which indicates a decrease of 81%. Although Coca Cola explained that this situation was partly due to the adjustment of its own strategy and some tax reform policies of the U.S. government, from the situation of the actual market, a large part of the reason was the inevitable decline of carbonated drinks. With the continuous improvement of people's living standards and the gradual strengthening of health awareness, returning to natural and safe food has become the mainstream of people's consumption. However, a study published in the Chest, a famous American Medical Journal, pointed out that carbonated beverage is a soft drink filled with carbon dioxide, which is often called soda [3]. Long term consumption of carbonated drinks can easily cause obesity and diabetes. People's cognition of Coca Cola is carbonated drink, which leads to Coca Cola's new dilemma step by step. Moreover, large corporate senior management teams acknowledge that globalization is the most pressing challenge they face today. They are also aware that identifying internationalization plans and business partners has gotten more difficult over the last decade [4].

In this paper, Coca Cola's current dilemma has been pointed out and analyzed. To better understand the ways that Coca Cola overcomes this dilemma, Coca Cola's marketing management innovations are divided into three parts: packaging strategy, publicity strategy and channel strategy. This paper only focuses on Coca Cola's marketing management innovations in China to simplify this study. The purpose of this study is to use Coca Cola's methods to deal with difficulties as a successful case to educate people about ways to cope with unexpected changes. Companies should pay attention to the changes of the enterprises' external environment, and take timely and effective measures to deal with it.

2. ANALYSIS OF MARKETING MANAGEMENT INNOVATIONS

According to Banutu-Gomez (2012), to achieve their goals and carry out their strategy, organizations must adopt an international operating mode while doing international business. A company can choose to operate on a global scale using either equity or non-equity structures [5]. Coca-Cola has effectively implemented both agreements [6].

2.1 Coca Cola's Packaging Strategy

Coca-Cola has long considered its brand to be its most valuable asset, and packaging is one of the most significant aspects of that brand. Coca-Cola's quality has not altered in hundreds of years, but the company tweaks and alters its brand image virtually every year to keep up with the market. Coca-Cola thinks that a successful packaging strategy should be unique and tailored to the demands of customers. First, multiple materials strategies: in order to better meet the drinking needs of consumers in different situations (such as family drinking and individual drinking), Coca Cola divides its series of products into PET (plastic bottle), RB (glass bottle), CAN (pop can), POM (ready mixed cup) and other types according to packaging materials. Second, it's called multiple distribution strategy. Consumers have different psychology and drinking habits. Therefore, Coca Cola formulates the packaging strategy in a specific distribution: it divides its products into three packaging categories: essential packaging, standby packaging and auxiliary packaging. The third one is known as the combination of advertising or public event strategy. Coca-Cola frequently modifies the look of its packaging to reflect its advertising or public events. Coca-Cola developed the product packaging of the doll "A Fu" image with Chinese national features during the Spring Festival in 2001, in order to enhance its localized brand image. Coca-Cola created a limited edition of the "Olympic gold can" packaging in July 2001, just before Beijing's successful Olympic bid. At the lip of the can, the words "hold hands for the Olympics and cheer for China" are written to further boost the Chinese people's Olympic complex, connect more effectively with customers, and get closer to consumers, thereby deepening the brand's impression.

2.2 Coca Cola's Publicity Strategy

2.2.1 Advertising

Coca-Cola's marketing plan includes a significant amount of advertising. According to the report, advertising is responsible for 82.2% of Coca-Cola brand awareness among consumers. Advertising is also critical in developing and maintaining a positive image for products and brands. Coca-Cola has been drawing and moving Chinese consumers with a very typical American style since entering the Chinese market. Coca-marketing Cola's approach changed dramatically in 1999 due to the rapid growth of China's soft drink market. It opted to shoot TV ads in China for the first time, allowed Chinese advertising businesses to create them, and recruited Chinese actors to take part in the shoot for the first time. Coca-Cola is taking significant measures to adopt the marketing strategy of localization in China in order to capture greater market share and earn the favor of Chinese customers. Coca-Cola's target market is mostly young people, therefore pursuing a new path and attempting to represent the younger has become a memorable aspect of the company's advertising. Celebrities are the personalities that a lot of young people are interested in. As a consequence, selecting a creative manifestation of "star endorsement" might provide twice the effect with half the work.

2.2.2 Sponsorship

Public relation is a type of sponsorship. Coca-Cola enhances its brand image, boosts its reputation, and fosters a drinking culture through supporting a variety of activities including sports, education and culture. Coca-Cola's sponsorship operations are mostly evident in the elements listed below:

- Support the Olympic Games by becoming a sponsor. Coca-Cola has been a part of every Olympic event since the 9th Olympic Games in Amsterdam in 1928 through the 27th Olympic Games in Sydney in 2000. Coca-Cola has traditionally made a significant commitment in Olympic sponsorship. Coca-Cola spent $600 million on the 1996 Atlanta Olympic Games, amounting for around 47% of the company's overall advertising spend that year. Coca-Cola thinks that sponsoring the Olympic Games will provide the corporation a distinct brand image, increase brand value, increase sales, and deepen its relationship with customers.
- Sponsorship in the globe and in Chinese Football has long been one of Coca-most Cola's essential sponsorship ventures and a valuable commercial asset on a global scale. Coca-Cola has been one of the principal sponsors of each World Cup since 1974, as a long-term partner of FIFA and the World Cup.
- Contribute to charitable causes. Coca-Cola has provided 52 primary schools and 100 libraries in 26 Chinese provinces since 1993, allowing almost 60000 students to return to school. Coca-Cola has now invested over 30 million yuan towards China's social welfare.

2.2.3 Promotional Activities

Coca-Cola considers marketing to be a unique activity that gives customers and consumers more reasons to acquire our goods. The primary goal of promotion is to boost short-term sales, support new products, strengthen the brand, and expand the customer base. Coca-Cola places a high value on the utilization of promotional efforts to increase market share and product penetration in the industry. Advertising and promotion are not the same thing. Consumers are given reasons to buy through advertising, but they are also given incentives to buy through promotions. Coca-Cola's promotion can be broken down into three categories:

2.2.3.1 Promotion for Dealers

Coca-Cola's marketing operations for its distribution organizations, which primarily include wholesalers and retailers, are referred to as "dealer promotions." The goal is to grow or get sales of Coca-Cola goods, or to persuade merchants to perform special sales activities in their stores.

2.2.3.2 Promotion for Salespeople

Coca-Cola uses sales promotion as an incentive to increase sales of its many products. Coca-Cola frequently rewards salespeople in the form of a commission based on sales volume. It will offer cash for completing a portion of the task ahead of schedule or grant specific welfare benefits if the defined base is met.

2.2.3.3 Promotion for Consumers

The goal is to get them to purchase the brand directly. Coca-Cola uses a variety of consumer promotion strategies, including free tastings and special deals, incremental packaging, and collaborative promotions (refers to the behavior of Coca Cola cooperating with other manufacturers to jointly advertise and promote products).

2.3 Coca Cola's Channel Strategy

According to the study, when it comes to buying drinks, customers have two distinct characteristics: one is impulsive purchase, which is unplanned and unpredictable. According to data, roughly 70% of shoppers did not intend to buy beverages while shopping, but they did so on the spur of the moment since the drinks in the shops were well-placed. The second is known as expansionary consumption, which refers to the ability to increase the amount of beverages consumed by customers. They drink more the more they purchase. According to the characteristics and market potential of soft drinks, Coca Cola has established its unshakable channel strategy through the classic 3A and 3P strategies. Before 1984, 3A means Affinity, Availability, and Acceptability. Among them, Affinity necessitates that the retail price of Coca-Cola products should be reasonable so that consumers can afford it; Availability necessitates that Coca-products Cola's should have a high market distribution rate so that consumers can always buy as long as they want to buy; and Acceptability necessitates that consumers will accept and like Coca-products Cola's so that they will buy and drink them.

In 1984, Coca-Cola changed their marketing strategy from 3A to 3P, which incorporates price to value, pervasiveness, and preference, in response to changing market and consumer consumption patterns. Price to value demands customers to not only be able to purchase Coca-Cola goods, but also to aim for a return on investment that meets or exceeds their income. Coca-Cola goods must be pervasive enough to reach every part of the market, allowing customers to purchase them at any time and from any location. Coca-Cola goods must not only be loved and accepted by people, but also seek to occupy their attention and become their favorite items or brands, according to preference.

3. CONCLUSION

Coca-Cola is a company with almost a century of history, yet it is still a youthful company. Coca-Cola conjures us images of youth, vigor, sports and entertainment. Given the historical rivalry between Coca-Cola and Pepsi, we can readily conclude that each company should have its own culture. However, people's perspectives evolve with time, and culture cannot always be static. To respond to customer changes, businesses need to be more innovative. According to Daniels (2011), disparities in how labor and management regard each other exist across nations. The geocentric staffing model is one of the most crucial factors for Coca Cola's success [7]. Most companies regard this strategy as a fairly difficult strategy to initiate because managers always encounter various different kinds of cultural differences. Coca-Cola, on the other hand, has stated that they deal with cultural differences through organizational design, which includes creating a variety of flexible structures and partnerships to complement different markets, as well as through staffing, which includes valuing international assignments and exposing our best people to different cultures and ways of doing business [8]. Unlike other companies, Coca Cola is always ready to adapt to new changes and innovations.

Furthermore, if businesses with comparative advantages fail to recognize the strength of rivals and take appropriate actions to counteract such threats, they will be quickly eclipsed or even replaced. It is difficult to have the possibility to change over if the disadvantaged party cannot identify the enterprise's own prospects and make suitable strategic judgments. For Coca Cola, when it sees the threats, it can make adaptations quickly enough to reduce loss. In addition to dangers from the enterprise's external environment, there are also threats within the organization. No enterprise can always copy the traditional culture and make some changes, so that employees can have room for progress and innovation. Only innovative enterprises can gain a foothold in the rapidly developing society and meet people's changing needs, so as to obtain customers in the market. Coca-Cola was created by chance, and its power is also a miracle. Its struggle with Pepsi has demonstrated that the market is always evolving, and there is no such thing as an everlasting strong or weak. The goal for businesses should not be a quick win, but rather a long-term market share. Therefore, this indicates that managers should always formulate a long-term strategy for the enterprise, and companies should be vigilant against competitors at any time. In addition to managing the enterprise, companies should also pay attention to the changes of the enterprise's external environment, and take timely and effective measures to deal with it. Only in this way, the enterprise can continue to develop.

AUTHORS' CONTRIBUTIONS

This paper is independently completed by Rui Zhang.

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