

The Coca-Cola Company



Sandra Baah
Strategic Management
Linda Bohaker
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Introduction

Coca Cola was first created in 1886 by a man named John S. Pemberton. (coca-cola.com) Coca-Cola is one of the world's leading non-alcoholic soft drink manufacturers. Its products can be found in over 200 countries around the world. Its product portfolio consists of roughly more than 400 brands; this includes soft drinks, energy drinks, and bottled water and as well as juice products. The company is most well-known for its soft drink, coke. Since its existence, Coca-Cola has used extensive and diverse advertisements to increase its market share, this has led it to become one of the most recognized name brands in the world. The Coca-Cola brand is globally valued and recognized.

In 2013 Coca-Cola had a total market share of 42.2% in the non-alcoholic beverage industry. Over the past decade, Coca-Cola has been experiencing a decline in sales due to increasing health and obesity concerns. Because of this, Coca-Cola has come up with long term objectives. One of its main objectives is to “double its revenue by 2020 and to acquire or develop scalable, innovative premium brands” (coca-cola.com). During the past few years Coca-Cola's revenue have been on the decline, “in 2014 Coca-Cola had a 15.4% of net income of revenue compared to the previous year where it was 18.3%” (euromonitor.com). The decline in numbers does not mean Coca-Cola is not doing well; these figures are a result of the downfall of the carbonated beverage industry as whole. Coca-Cola is dealing with this issue by acquiring and branching out to healthier drink options such as Vitamin Water.

Mission Statement

“To refresh the world... To inspire moments of optimism and happiness...To create value and make a difference.”

Vision

- **People:** Be a great place to work where people are inspired to be the best they can be.
- **Portfolio:** Bring to the world a portfolio of quality beverage brands that anticipate and satisfy people's desires and needs.
- **Partners:** Nurture a winning network of customers and suppliers, together we create mutual, enduring value.
- **Planet:** Be a responsible citizen that makes a difference by helping build and support sustainable communities.
- **Profit:** Maximize long-term return to shareowners while being mindful of our overall responsibilities.
- **Productivity:** Be a highly effective, lean and fast-moving organization.

Coca-Cola's mission and vision work in cohesion, they both support each other. Both mission and vision addresses customer market; “to inspire moments of optimism and happiness and in its

vision it's to; bring the world a portfolio of quality beverage brands that anticipate and satisfy peoples desires and need" (coca-cola.com). Its key points in its mission and vision is how it plans to stay in business. It assures its shareholders it will "create value and make a difference as well as maximize long term return to shareholders while being mindful of its overall responsibilities." (coca-cola.com) Regarding productivity it plans on being a highly effective, lean and fast moving organization.

At first glance, Coca-Cola's mission is broad and generic. It does not address all of its stakeholders. Instead, its vision addresses all stakeholder groups. Both its mission and vision communicate its strategy. Together it shows what they want to do and how they are going to do it. Its strategy is to be globally known and its mission and vision suggests it's going to do that by being socially responsible, providing a diverse product portfolio; providing several options for its consumers therefore gaining more market share, creating a good network between consumers and suppliers, maximizing profits and creating value for. (coca-cola.com)

Coca-Cola's mission and vision are consistent with trends in the external environments. Its vision addresses what they need to in order to succeed in the future. In order to succeed, Coca-Cola has to examine the external environment and find the most appropriate strategies to survive in the economy.

External Analysis

Remote Environment

Coca-Cola has several remote environment factors that affect the company. In the beverage industry, Coca-Cola is affected by social, political, ecological and technological environmental factors. Remote environmental factors allows companies to make appropriate strategies based on outside factors. According to Pearce and Robinson the authors of *Strategic Management, Planning for Domestic and Global Competition* "the environment presents firms with opportunities, threats, and constraints" (Pearce and Robinson, 90)

Social

Consumers are becoming more health conscious, with the need of wanting to stay in shape and living a healthier lifestyle. More than ever before, consumers want to know what they are consuming. This remote factor has caused the beverage industry to come up with healthier alternatives. Companies are forced to use healthier ingredients in their beverages. An influx of baby boomers and generation X and Y are becoming more active. This social trend is causing companies in the beverage industry to make more fruit and vegetable based beverages. They have to succumb to the needs of the consumers. According to the Wall Street article written by Marisa Taylor "with about 10.5 million people ages 55 and older now being health club members—more than four times as many as in 1990—more companies are rolling out fitness products aimed at the silver-haired set" (Taylor). With a population that high, this fitness trend

creates an opportunity for companies such as Coca-Cola to create beverages that will attract that market, therefore increasing its total market share. (Wording)

Economic

Every business in every industry is affected by economic factors. A growth or loss in the economy affects the industry either negatively or positively. According to The World Bank, “Overall, global growth is expected to rise moderately, to 3.0 percent in 2015, and average about 3.3 percent through 2017. High-income countries are likely to see growth of 2.2 percent in 2015-17, up from 1.8 percent in 2014” (The World Bank). This expected forecast creates a path for an increase in beverage sales because with more income coming in people are more likely to indulge in their guilty pleasures. In the U.S, disposable income is said to increase, according to Ibis world, “disposable income is said to increase by 2.5% from 2014 to 2019”. (IBISWorld) This estimated increase in disposable income will allow people to spend more, which in turn will benefit the industry as a whole.

Other economic factors such as inflation, recession and unemployment rate can impact the economy negatively or positively depending on how low or high the numbers are. According to the world bank, “the world inflation rate has gone down to 2.6 in 2013 down from 3.6 in 2012, and world unemployment rate was 6 in 2013.” (The World Bank) These factors such as high unemployment rate reduce the overall performance of the beverage industry; companies do not make enough sales which therefore leads to a fall in profit margin. With both inflation and unemployment rates decreasing, the current state of the economy provides a positive state for Coca-Cola to articulate its strategy.

Technology

Technology is a major factor. It has the ability to improve the performance and profitability of a company. Companies in this industry are able to integrate technology into their production system. Companies in the beverage industry are able to use several technological advances such as CRM that allows companies to communicate with their consumers in order to predict and respond to their needs.

Ecological Environment

Consumers are looking for companies that are seriously involved in sustainable practices. The sustainability trend has proven to be an important factor. There are consumers that vow to only purchase from companies that are “green”. This trend has forced companies to integrate sustainable practices in their everyday operations. Although this trend of sustainability is widely influenced by government regulations, companies are taking the initiative to launch techniques that help them reduce emission of toxic waste into the environment.

Industry Analysis

The beverage industry analysis gives a synopsis of the trends in the industry that Coca-Cola is a part of. Factors such as competitors, market size, and trends in the industry affect Coca-Cola and its strategic decision making. Globally, Coca-Cola is more dominant and has a majority of the global market share. Coca-Cola is the top company in the industry, according to Euromonitor “There was no significant change in the ranking of the global top 10 companies in the soft drinks market in 2012, with TCCC maintaining its top spot and continuing to keep a large gap between itself and the second player PepsiCo” (Euromonitor.com)

The beverage industry is fairly large with several competitors. According to the beverage industry survey, “The market share of the nonalcoholic beverage industry is highly concentrated. Carbonated soft drinks, for example, reflect approximately 88% of US retail sales, and are represented by the beverage brands of three companies: Coca-Cola, PepsiCo, and Dr Pepper Snapple Group Inc.” (Agnese, 15). The industry comprises of sub-industries such as carbonated drinks industry, alcoholic beverage, tea and coffee and as well as fruit and vegetable drinks. The main competitors in the non-alcoholic beverage industry are Coca Cola, PepsiCo, and Dr Pepper Snapple Group. In the carbonated soft drink industry, Coca-Cola has a total market share of 36.1% while PepsiCo and Dr Pepper Snapple have a market share of 32.7% and 20.8% respectively.

According to Standard and Poor’s they expect “sub-industry (Carbonated Drinks) to perform in line with the broader market over the next 12 months, reflecting steady volume trends as companies increase marketing spending behind core brands, as well as new product introductions. We see improved trends for non-carbonated beverages as consumers return to healthier products after briefly trading down to cheaper alternatives during the recession.” (Standard and Poor’s) Increased competition and extensive advertising is causing an upward rise in the industry. Although there is a fall in the overall sales of carbonated drinks, the soft drink industry is doing well due to social factors such as consumer preference. According to Standard and Poor’s, flavored carbonated beverages appeal to young ethnic groups. (Standard and Poor’s)

Although the beverage industry is steadily growing in terms of size, economic and geographic trends such as growth rate and market size affect the profitability of companies in this industry. Economic factors such as weakening foreign currency are affecting the industries negatively; low currency rates compared to the US dollar is causing a decrease in profits for the industry. This creates a barrier for profits for international sales.

Porters Five Forces

Porter’s five forces is an analysis of five competitive forces that drives and compares how competitive an industry is. It was started by an economist named Michael Porter. He mentions that there are five forces that affect profitability in an industry; supplier power, threat of new entrants, threat of substitutes and power of customers. After evaluating these five forces

companies can then use the results to determine ways to respond to those forces in order to remain or be profitable. These forces impact Coca-Cola and affect its decisions based on the industry and as well as competitors.

Threat of Entrants

The threats of entry for the beverage industry are low, for example, entering the industry requires high fixed costs, immense labor and extensive marketing. New entrants have limited to no access to distribution channels such as stores. Due to the fact that there are limited bottling companies' new entrants to the industry will have to build their own plants. Since there are already existing valued name brands such as Coca-Cola, PepsiCo and Dr Pepper Snapple Group any new entrants will have to spend a large sum of money on marketing and advertising. Due to customers brand loyalty it will be very difficult for new entrants to gain a significant percentage of the soft drink beverage market share. With threats of entry low, the degree of competition is low.

Power of Suppliers

The supplier power for beverage industry is low. The ingredients used in to make soft drinks are very common; there are several suppliers who offer the same basic commodities such as high fructose corn syrup, food coloring etc. because these ingredients are readily available the suppliers have no power over pricing. Low supplier power makes the industry less competitive.

Power of Customers

In the soft drink industry, because the main buyers are grocery stores, restaurants and several independent stores the power of customers is high. They have the power to choose what brand they want to sell in their stores. Coca-Cola distributes its drinks to major retailers for resale, these retailers buy beverages in large quantities. This gives them the power to negotiate the price at which they want to buy. The buyers hold most of the power because they have the ability to switch to a different company of their choosing. Everyday consumers of soft drinks have high power because there are several options to choose from. One can choose to buy naked juice instead of a bottle of coke. Because the power of customers are high the industry is more competitive.

Threats of Substitutes

The threat of substitutes in this industry is low. Although there are many substitutes for soft drinks such as beer, milk and water, these products are already in existence and cannot counterpart each other. Companies in the industry spend large amounts of money on advertising to build good brand loyalty. This eliminates any threat of new products replacing soft drinks. Because the threat of substitutes is low the degree of competition of competition is low

Competitive Rivalry

Competition in the beverage industry is very hostile. PepsiCo and Coca-Cola are the main rivalries. Both these companies have the majority market in the industry. In the beverage industry brand identity is a huge factor, competitors spend a lump sum on advertising in order to differentiate their products. Differentiation is significant because both competitors have the same

products so the only way they can get competitive advantage over each other is through product differentiation. A high degree of competitive rivalry makes the industry as a whole very competitive.

Analysis of Porters Five Forces

Porters five forces allows for companies to see how competitive an industry is. Coca-Cola is able to use these five forces to determine where it stands in the non-alcoholic beverage industry. In the non-alcoholic beverage industry, it is evident that the degree of competitive rivalry is medium to high. The threats of entrants is low, that means that it is difficult for new companies to enter the market. The power of customer is medium to high because there are numerous alternatives, but because of brand loyalty consumers chose to buy the brand they like the most. Within the non-alcoholic beverage industry, it is apparent that the degree of competition is medium to high.

Internal Analysis

Not only does Coca Cola have to consider its external environment it must also look internally. Evaluating its internal factors allows it to look at its strengths and weaknesses. This analysis allows Coca-Cola to create a strategy that will be beneficial to the company in order to address their issue of doubling its revenue by 2020 as well as growing globally.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none">➤ Strong marketing strategies➤ Brand Equity➤ Customer Loyalty➤ Large Market share	<ul style="list-style-type: none">➤ Little to no products that attract healthy consumers➤ Negative publicity

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ➤ Global expansion: growing emerging markets ➤ Growing health trend ➤ Low calorie beverages 	<ul style="list-style-type: none"> ➤ High competition ➤ Depletion of raw materials ➤ Changing consumer tastes

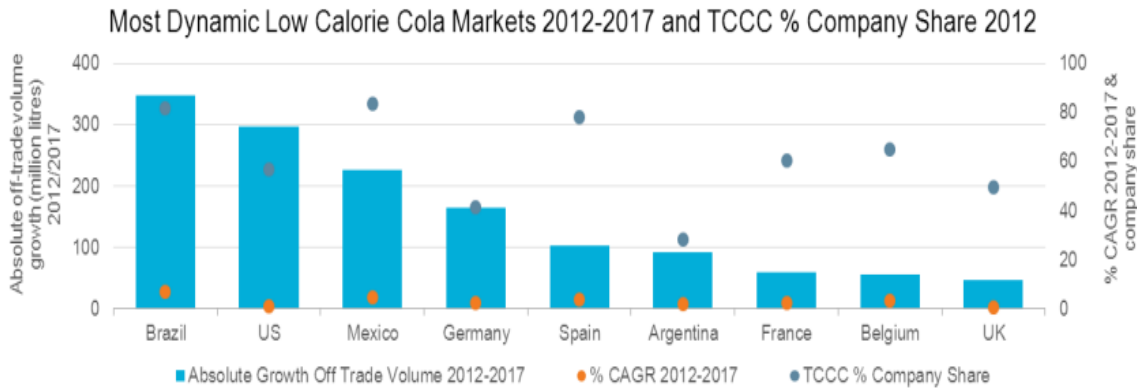
Strengths

Coca-Cola has several strengths but its biggest strength is its strong marketing strategies. It has several campaigns that attract customers. It targets its campaigns to people of all ages and backgrounds. Coca-Cola's campaigns are diverse and reach out to several people around the world, unlike its competitor Pepsi that doesn't do much global advertising.

Another one of Coca-Cola's strength is its brand equity. Coca-Cola has a strong presence in several countries across the globe. According to an article on ProQuest, "the Coca-Cola brand has held the highest brand value in the world. . . . Out of the five leading soft drink brands being sold worldwide, the company produces and sells four of them namely Coca-Cola, Sprite, Fanta and Diet Coke. The company has over 400 brands in its portfolio, representing almost 2,400 beverage products." (ProQuest)

Another strength that has helped Coca-Cola is its customer loyalty. As mentioned earlier, Coca-Cola has a large global presence which allows its products to reach several consumers. Having a large customer base increases customer loyalty, according to ProQuest "Consumer loyalty to the company and its products remains high, which is evident from the high market acceptance for Coca-Cola's newly introduced products" (swot analysis ProQuest)

The chart below from Euro monitor displays how much Coca-Cola is dominating low calorie growth markets. According to the graph, Coca-Cola is said to have roughly more than eighty percent absolute growth off trade volume in Brazil. Low calorie beverages are vastly becoming popular and Coca-Cola can increase both its market share and revenue in the BRIC countries by taking advantage of this growing trend.



Weakness

A major weakness that Coca-Cola is facing right now is its lack of beverages that meet the need of health conscious consumers. A few years ago, Coca-Cola tried branding into healthy beverages, “In January 2004, Coca-Cola, in association with Coca-Cola Enterprises (CCE), introduced the Dasani brand of bottled water in the UK. By March 2004, Coca-Cola recalled the product owing to the discovery of excess levels of bromate in the product, which could cause side effects including cancer in human beings. This resulted in recall expenses of US\$32 million for the company in the year.” (ProQuest) Trying to brand itself as a healthy option is really difficult for Coca-Cola. Because of most of its products being known as junk and unhealthy, the healthy beverage market has proven difficult to be penetrated by Coca-Cola.

Opportunities

Companies in the beverage industry have the opportunity to take advantage of emerging markets. Beverage consumption is growing especially in Asian countries such as China. According to an article on ProQuest “there are countries where the average per-capita consumption remains below 50 servings per day. Countries that fall in this category include the world's two most populated nations, India and China. These markets provide tremendous growth opportunities for the industry.” (ProQuest cite) Coca-Cola has the opportunity to increase its market share by maintaining and growing its product presence in those emerging markets.

Another strength Coca-Cola has is to create beverages that resolves the need of health conscious consumers. Consumers are obsessed with being healthy; more people are reducing their carbonated drinks intake and resulting to healthier options like water and less sugary drinks. This trend is immensely becoming popular and Coca-Cola will benefit from this trend if they tap into this market, it has the potential to increase its revenue and market share.

Threats

Although Coca-Cola has a large market share in the non-alcoholic beverage industry it still faces major threats from its competitors such as PepsiCo. Pepsi is vastly growing; they have an immense product diversification. They do not only offer beverage but snacks as well, this allows them to gain a large consumer following.

The health trend can also be seen as a threat for the carbonated beverage industry as a whole. Even though there are beverage companies that have started creating low calorie beverages, “the increasing awareness of obesity among customers, particularly by the consumption of non-diet carbonated soft drinks, is expected to dampen demand for the company's beverages from the youth segment in the future.” (ProQuest) Coca-Cola needs to diversify its product offerings and penetrate this new trend in order to keep generating high revenue. Demand for high calorie carbonated drinks is decreasing and this is a major threat to Coca-Cola if it does not establish itself in this new trend.

SWOT Summary

After assessing Coca-Cola’s SWOT analysis, it is apparent that Coca-Cola has greater strengths than weaknesses and its opportunities are greater than its threats. Coca-Cola’s SWOT analysis concludes that it should support an aggressive strategy. According to our textbook, “this is a favorable strategy; the firm faces several environmental opportunities and has numerous strengths to support it.” (Pearce and Robinson 158) It has the potential to grow and increase its global market share if it adopts a rigorous growth oriented strategy.

Long Term Objectives

After evaluating both its internal and external environment, Coca-Cola has developed a long term objective that is in line with its SWOT analysis. Its long term objectives are to “sustain sales in developed markets with a focus on diet carbonates, to double its revenue between 2010 and 2020 and to increase its market share in the ongoing health and wellness trend.” (euromonitor.com)

Generic Strategy

In order for Coca-Cola to defeat its rivals, and compete in the market place, it had to adapt a differentiation strategy. It uses differentiation to create value to its consumer. By stressing value to its consumers and providing high quality products, Coca-Cola in the process builds customer loyalty.

Differentiation

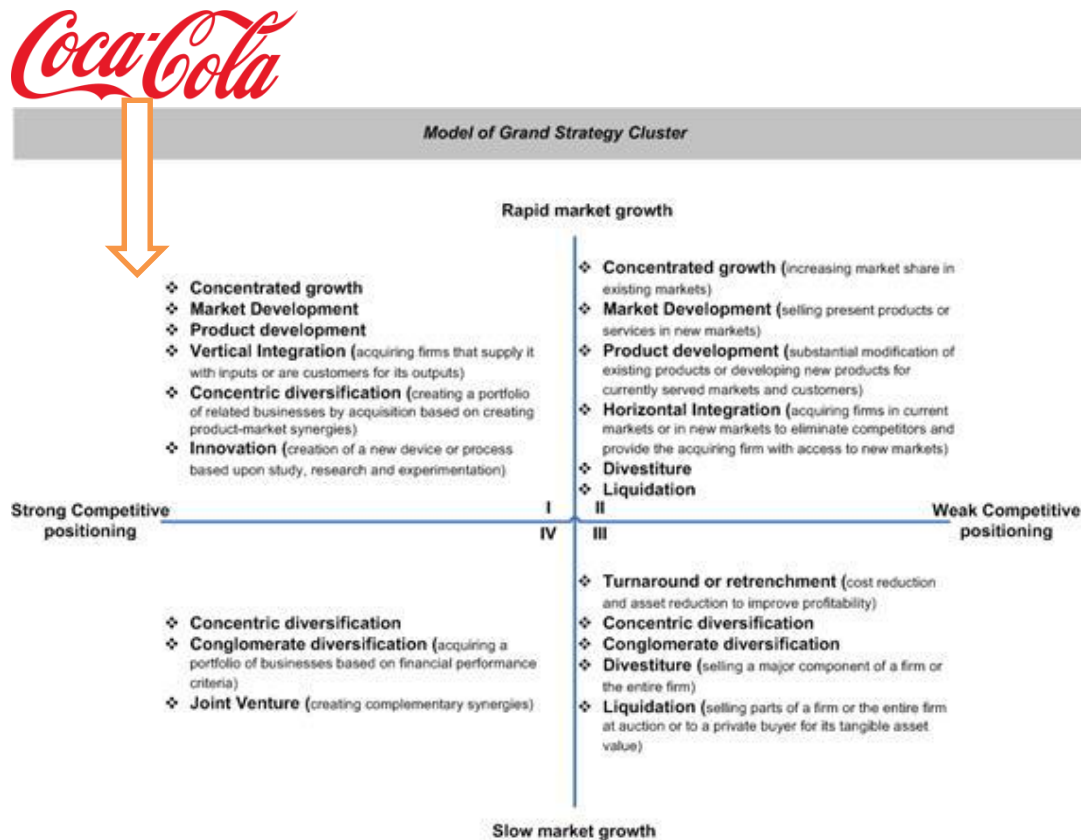
Coca-Cola’s differentiation strategy is achieved by its product quality and brand image. According to our textbook, “in differentiation, advertising plays a major role in a company’s development and differentiation of its brand,” (Pearce and Robinson 202) Coca-Cola uses an

enormous amount of money on advertising. It uses promotion to capture value and create customer loyalty. Coca-Cola is able to differentiate itself from its competitors by having a large and diverse product portfolio; each product provides a different value to the consumer.

Over the years Coca-Cola has been able to establish itself as the leading manufacturer of beverages in the non-alcoholic beverage industry. Compared to its competitor's i.e. PepsiCo, Coca-Cola is known worldwide. In addition to differentiation, Coca-Cola maintains a low cost leadership. It maintains low cost production and distribution by owning most of its bottling companies, Euromonitor argues that "Coca-Cola's production strength lay in its widespread bottling capability which is at the heart of the company's success. The company maintains such capability throughout the world through (as the company itself reports) "a network of company-owned or controlled bottling and distribution operations as well as independently owned bottling partners, distributors, wholesalers and retailers" (euromonitor.com). This allows them to concentrate on expanding the brand and therefore increasing market share and revenue.

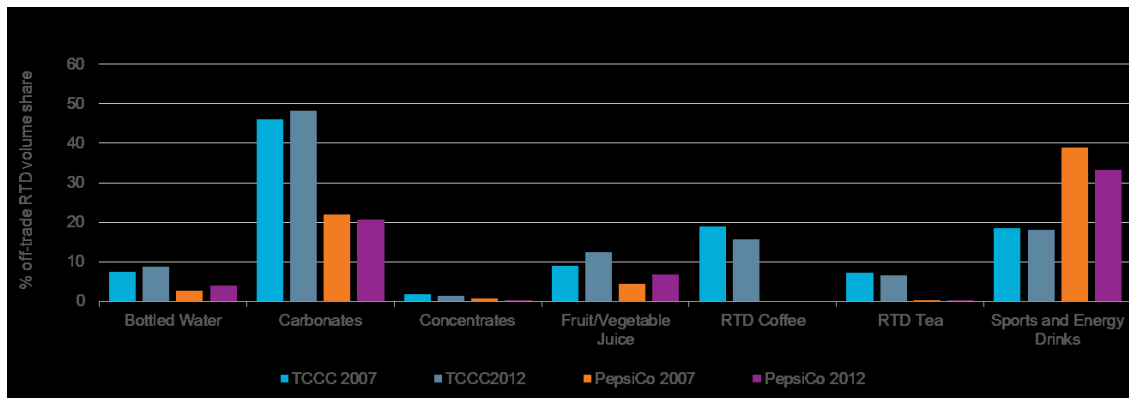
Grand Strategies

Coca-Cola's grand strategies are focused on achieving its long term objectives. It falls in the first quadrant of the model of grand strategy cluster. This means that in order for Coca-Cola to achieve its long term objectives it must include in its grand strategy: Concentrated growth, market development, product development, vertical integration, innovation and concentric diversification.



Concentrated Growth

In concentrated Growth, Coca-Cola focuses on a dominant product and market combination (Pearce and Robinson 206) Coca-Cola has been able to continue to grow and increase its profits by dominating the market by technological innovation. This strategy helps it maintain its dominance over its competitor in the industry. Coca-Cola focuses on its core business which is carbonated beverages. Its focus on just the carbonated beverages helped it gain dominance over its competitors. The chart below from Euromonitor depicts Coca-Cola versus its competitors in the global soft drink market share percentage in 2007 and 2012. According to the chart Coca-Cola has maintained a large market share of the carbonated drink market in the entire non-alcoholic beverage industry.



Product Development

Although Coca-Cola has adopted a successful concentrated growth strategy, it cannot solely depend on it alone. It has to implement other strategies such as market development. Coca-Cola is trying to introduce new products that will appeal to a new market group. With the health and fitness trend vastly growing, Coca-Cola has the opportunity to enter and dominate the market. Coca-Cola has introduced products like coke zero and in 2014 Coca-Cola introduced a new drink, coke life which is made with real cane sugar and stevia sweetener. Also in 2014, Coca-Cola expanded its product portfolio by entering into the fluid milk market. According to the Forbes article, “Fairlife will contain 50% more protein and calcium, and 30% less sugar than ordinary milk, and contain no lactose” (Tefris Team). By tapping into the health and fitness trend Coca-Cola is able to expand and reach a new market segment, which therefore will help its goal of becoming a globally recognized brand.

Concentric Diversification

A few years ago, Coca-Cola decided to turn to concentric diversification. Concentric diversification is when a firm acquires another firm related to its own but with different products. In 2007, Coca-Cola acquired Glaceau, the maker of vitaminwater. This strategy is good move for Coca-Cola because it expands its non-carbonated drink portfolio, it’s a different product but Coca-Cola still maintains the same market, distribution channel and as well as production. (Sorkin and Martin, 2007) According to Beverage Digest, “In 2006, soft drink volumes declined slightly while bottled water was up 17 percent and other non-carbonated drinks increased 13 percent.” (Sorkin and Martin, 2007) Coca-Cola was able to maintain its dominance in the market by acquiring vitaminwater.

Analysis of Grand Strategy

After evaluating the grand strategy of Coca-Cola, it is apparent that it has to capitalize on its strengths. It does this by creating and acquiring new products. In order to increase revenue and maximize its market share Coca-Cola has to strive to keep its competitive advantage and prevent other competitors from entering or dominating the non-alcoholic beverage industry.

Functional Tactic

Marketing

For Coca-Cola to achieve its strategy it has to use functional tactics to implement those strategies. Functional tactics helps companies determine and prioritize their strategies. Coca-Cola uses tactics within its marketing campaigns, packaging. One of Coca-Cola's strategies is to grow and be known globally, and in order to implement that strategy it has developed marketing strategies to bring in more consumers. It does a lot of global advertising, but recently Coca-Cola has been creating promotional tactics to capture new markets locally. It has different advertising campaigns for different markets in different regions. Its main focus is to create campaigns that are direct and consumer specific. In recent years Coca-Cola created new products that targeted a new market. They developed new carbonated drinks with several flavors, in accordance with that they are developing new products that fulfil the need of the health and fitness trend.

Over the past years Coca-Cola has been able to differentiate itself from its major competitors. In 2011 Coca-Cola launched an ad campaign called "Share a coke". This advertising was a result of Coca-Cola shifting its focus to the consumers. The ad has been a great success and according to the Wall Street Journal, Coca-Cola's sales grew as a result of this ad especially in Australia where the idea originated from. "Coca-Cola Co.'s carbonated soft-drink sales in the U.S. have risen more than 2% after the world's most-famous beverage brand began labeling Coke, Diet Coke and Coke Zero this summer with names of individuals, from Aaron to Sarah to Zach.....The "Share a Coke" campaign has been such a hit that, for at least a few months, it reversed a decade long decline in U.S. Coke consumption." (Esteryl 2014) This campaign was a great success, and was in line with its mission "to inspire moments of optimism and happiness". Advertising is an important tactic for Coca-Cola's growth. According to the Wall Street Journal, "Coca-Cola is "hiking its global advertising budget by \$1 billion over the next three years, up from \$3.3 billion in 2013(Esteryl). Coca-Cola spends a great deal of money on advertising campaigns that bring people together and inspire people to go out and buy its products. They create universal campaigns that are loved and understood by different people from different parts of the world.

Product innovation is another key tactic that Coca-Cola employs. It is constantly developing new products to expand their target market. In 2014 Coca-Cola introduced a new product that was targeted to consumers in the fitness and industry market. Coke life which hit shelves November 2014 is" 60 calories less than other cola drinks in the market, it is Coca-Cola's first reduced-calorie sparkling beverage sweetened with cane sugar and stevia leaf extract has 35 percent fewer calories" (coca-cola.com). This product is a result of Coca-Cola wanting to tackle the obesity issue and also to gain new consumers that are looking for healthier options.

Functional Tactic Analysis

Coca-Cola's marketing implementation and its product innovation are designed to direct it to long term sustainable growth. In order to double its revenue, Coca-Cola has to create new products like Coke life.

Through its marketing campaigns, Coca-Cola is able to connect with its consumers; this creates a pathway for them to sell its products. Its product innovation enables it to keep its consumers and therefore increase revenue.

Organizational Structure and Leadership

In order for Coca-Cola to fulfill its strategies it has to have the right organizational structure, culture and leadership. Coca-Cola's organizational structure is set in a way that steers the company towards achieving its strategy proficiently. Coca-Cola employs a divisional organizational structure; this means that "its units or divisions have its own functional specialists who provide services and products or services different from those of other divisions." (Pearce and Robinson 339). This type of structure makes communication easier in each division. It allows for decisions to be made and implemented easier, "it increases focus on products, markets, and quick response to change." (Pearce and Robinson 340)

Coca-Cola is divided into separate geographical units. Each geographical unit requires separate operational and organizational structures. Recently, Coca-Cola has had to reorganize and assign new management for both the Americas. According to Muhtar Kent, the chairman and chief executive officer of Coca-Cola "We organized the business to intensify focus on key markets, streamline reporting lines, and provide flexibility to adjust the business within these geographies in the future." (Coca-Cola.com) This reorganization was done in order to increase growth in the Americas.

Leadership

In July 2008, Muhtar Kent became the chairman and chief executive officer of Coca-Cola. Kent is of Turkish and American decent. He first started working in with Coca-Cola in Atlanta in 1978. In 1989, he served as President of the Company's East Central Europe Division and Senior Vice President of Coca-Cola International, with responsibility for 23 countries. Four years ago when Kent became the CEO, his aim was to double the company's revenue by 2020. Since he stepped into this position Coca-Cola has experienced success despite the falling sales in the non-alcoholic beverage industry. According to Fortune," Kent has put Coke (No. 59 on the Fortune 500) back on track — after years of mismanagement — and he's set up the beverage giant for significant growth around the world. Since he ascended to the CEO job in July 2008, he's redefined Coke's culture and replaced about 70% of its senior managers, filling the ranks with operators who, he says, "know how to generate results." (Sellers) Kent's leadership capabilities have positioned the company in a way that will help them achieve their long term objective and implement their strategy.

Culture

Coca-Cola embraces diversity. One of its core values is to provide a workplace which supports cross cultural diversity. Coca-Cola holds regular diversity programs that teach their employees about diversity. As a global company diversity plays an integral role in its day to day operations.

According to its website, “their various diversity education programs efforts have moved from minimizing conflict to strengthen our ability to amplify, respect, value and leverage our differences to drive sustainable business results.” (coca-cola.com) Coca-Cola strives to create an inclusive environment for people with different backgrounds. They believe that diversity plays a big role in its journey; achieving their goal of doubling its revenue by 2020.

Conclusion and Evaluation

Coca-Cola has been consistently growing and becoming the world’s largest beverage company in the world since it was first started by John S. Pemberton in 1886. Although it has not had a significant increase in revenue over the last decade, it remains number one in the sales of non-alcoholic beverage around the globe. The company is able to remain in that position because it satisfies specific markets and customer needs. Coca-Cola has set a long term goal of doubling its revenue by 2020. With increasing health and obesity concerns, it has created a strategy that will help it achieve its goal and steer the company towards success. That strategy is to become a globally known business.

Coca-Cola’s strategy focuses on three specific areas, with the first one being concentrated growth. Dominance in the beverage industry allows Coca-Cola to control a larger proportion of the non-alcoholic beverage industry. The second area of its strategy is product development; in recent months it entered into the fluid milk market. The third area of its strategy is concentric diversification. In 2007 it acquired Glaceau, the maker of vitaminwater; this allows Coca-Cola to expand its product portfolio.

Coca-Cola’s strategy of becoming a globally known business is consistent with both the remote and industry environment. Within the remote environment, the health and wellness trend is becoming increasingly popular. Coca-Cola can take advantage of this trend by providing healthier options in its product portfolio. The economy is recovering from the recession and overall global growth is expected to increase to 3% in 2015. Coca-Cola can pursue this growth which will allow it to increase its revenue. In the industry, Coca-Cola has strong marketing strategies as well as brand equity which allows it to dominate the carbonated drinks market as well as bring in a grander revenue stream.

Coca-Cola’s strategies are consistent with its mission and have been implemented carefully and meticulously in accordance with its leadership, culture and structure. It employs a divisional organizational structure; this allows each division to communicate effectively in order to achieve the company goal of doubling its revenue by 2020. Muhtar Kent, its current CEO has created an environment that appreciates diversity. This allows for tolerance and increases effective communication among team members.

Its strategies have been implemented through the functional tactics of marketing and product innovation. Marketing strategies such as the share a coke campaign is developed to increase sales and provide customer value. Its marketing strategies are designed to attract new consumers and increase sales therefore increasing revenue.

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