History And Marketing Strategies Of Coca-Cola Essay, Research Paper

History The Coca-Cola company started out as an insignificant one man business and over the last one hundred and ten years it has grown into one of the largest companies in the world. The first operator of the company was Dr. John Pemberton and the current operator is Roberto Goizueta. Without societies help, Coca-Cola could not have become over a 50 billion dollar business. Coca-Cola was invented by Dr. John Pemberton, an Atlanta pharmacist. He concocted the formula in a three legged brass kettle in his backyard on May 8, 1886. He mixed a combination of lime, cinnamon, coca leaves, and the seeds of a Brazilian shrub to make the fabulous beverage. Coca-Cola debuted in Atlanta’s largest pharmacy, Jacob’s Pharmacy, as a five cent non-carbonated beverage. Later on, the carbonated water was added to the syrup to make the beverage that we know today as Coca-Cola. Coca-Cola was originally used as a nerve and brain tonic and a medical elixir. Coca-Cola was named by Frank Robinson, one of Pemberton’s close friends, he also penned the famous Coca-Cola logo in unique script. Dr. John Pemberton sold a portion of the Coca-Cola company to Asa Candler, after Pemberton’s death the remainder was sold to Candler. Pemberton was forced to sell because he was in a state of poor health and was in debt. He had paid $76.96 for advertising, but he only made $50.00 in profits. Candler acquired the whole company for $2,300. Candler achieved a lot during his time as owner of the company. On January 31, 1893, the famous Coca-Cola formula was patented. He also opened the first syrup manufacturing plant in 1884. His great achievement was large scale bottling of Coca-Cola in 1899. In 1915, The Root Glass Company made the contour bottle for the Coca-Cola company. Candler aggressively advertised Coca-Cola in newspapers and on billboards. In the newspapers, he would give away coupons for a free Coke at any fountain. Coca-Cola was sold after the Prohibition Era to Ernest Woodruff for 25 million dollars. He gave Coca-Cola to his son, Robert Woodruff, who would be president for six decades. Robert Woodruff was an influential man in Atlanta because of his contributions to area colleges, universities, businesses and organizations. When he made a contribution, he would never leave his name, this is how he became to be known as “Mr. Anonymous.” Woodruff introduced the six bottle carton in 1923. He also made Coca-Cola available through vending machine in 1929, that same year, the Coca-Cola bell glass was made available. He started advertising on the radio in the 1930s and on the television in 1950. Currently Coca-Cola is advertised on over five hundred TV channels around the world. In 1931, he introduced the Coke Santa as a Christmas promotion and it caught on. Candler also introduced the twelve ounce Coke can in 1960. The Coca-Cola contour bottle was patented in 1977. The two liter bottle was introduced in 1978, the same year the company also introduced plastic bottles. Woodruff did have one dubious distinction, he raised the syrup prices for distributors. But he improved efficiency at every step of the manufacturing process. Woodruff also increased productivity by improving the sales department, emphasizing quality control, and beginning large-scale advertising and promotional campaigns. Woodruff made Coke available in every state of the Union through the soda fountain. For all of these achievements he earned the name, “The Boss”. In 1979, fifteen hundred employees moved to the new corporate headquarters in Atlanta located on North Avenue. The new corporate headquarters came to be known as “The Tower.” During the time when the research for the new formula was taking place, it was known as “The Bunker”. The known ingredients in present day Coca-Cola are water. caffeine, phosphoric acid, vanilla, various oils and essences and extracts of the coca leaf and the kola nut. The one in four hundred part of cocaine was removed from Coca-Cola in 1903. Five years after the infamous Coke fiasco, the Coca-Cola company tried to bring back the reformulated Coke. The effort to phase in Coke II into the soda market was quite unsuccessful. During the Woodruff era, Mr. Woodruff made a promise to the armed forces of the United States to supply Coca-Cola to every service person. He said that costs and location did not matter, he supplied 5 billion bottles to the service. In the mid-1970’s, more than half Coca-Cola sold was outside of the U.S. Coca-Cola products outsell closest competitor by more than two to one. One in every two colas and one in every three soft drinks is a Coca-Cola product. The best known trademark in the world is sold in about one hundred and forty countries to 5.8 billion people in eighty different languages. This is why Coca-Cola is the largest soft drink company in the world. Coca-Cola is worth more than 58 billion dollars on the stock market. Climbing to the Top of the Industry Just as we learned in marketing class, public relations is a big part of making it big. Whether your a small corner store or a large corporation like Coca-Cola, letting the public know you care is key. Coca-Cola does a fabulous job in this category. The company takes pride in being a worldwide business that is always local. Bottling plants are, with some exceptions, locally owned and operated by independent business people who are Native to the nations in which they are located. Bottlers provide all of the required capitol for investments. Things like land, buildings, machinery equipment, trucks, bottles and cases are all dealt owned by the local bottlers themselves. Even most of the supplies are purchased from local sources, creating new supply industries and areas of employment within the bottlers local area. The Company supplies the concentrates and beverage bases used to make its products and also provides management assistance to help ensure that their businesses are operating correctly and profitably. The Coca-Cola company s operating management structure is spread across five geographic areas or groups. The North American Group consists of U.S and Canada. The Latin America Group includes operations across Central and South America., from Mexico to the tip of Argentina.. The company s largest and most populated group is the Middle and Far East Group. This group ranges from the Middle East to India, China, Japan, and Australia. The other two groups are the Greater Europe Group. And the Africa Group, which are pretty self Explanatory. The Company also owns a juice business in Houston, TX called the Minute Maid Company, which is the world s leading marketer of juices and juice drinks. In 1985, the Coca-Cola Company made what has been known as one of the biggest marketing blunder. The Coca-Cola company stumbled onto the new formula in efforts to produce diet Coke. They put forth 4 million dollars of research to come up with the new formula. The decision to change their formula and pull the old Coke off the market came about because taste tests showed a distinct preference for the new formula. The new formula was a sweeter variation with less tang, it was also slightly smoother. Robert Woodruff’s death was a large contributor to the change because he stated that he would never change Coca-Cola’s formula. Another factor that influenced the change was that Coke’s market share fell 2.5 percent in four years. Each percentage point lost or gain meant 200 million dollars. A financial analyst said, “Coke’s market share fell from 24.3 percent in 1980 to 21.8 percent in 1984″. This was the first flavor change since the existence of the Coca-Cola company. The change was announced April 23, 1985 at the Vivian Beaumont Theater at the Lincoln Center. Some two hundred TV and newspaper reporters attended this very big announcement. It included a question and answer session, a history of Coca-Cola, and many other elements. The debut was accompanied by an advertising campaign that revived the Coca-Cola theme song of the early 1970s, “I’d Like to Buy the World a Coke”. The Jingle read like this: I’d like to teach the world to sing In perfect harmony. I’d like to buy the world a Coke And keep it company. The change to the world’s best selling soft drink was heard by 81 percent of the United States population within twenty-four hours of the announcement. Within a week of the change, one thousand calls a day were flooding the company’s eight hundred number (1-800-GET-COKE). Most of the callers were shocked and/or outraged, many said that they were considering switching to Pepsi. Within six weeks, the eight hundred number was being jammed by six thousand calls a day. The company also fielded over forty thousand letters, which were all answered and each person got a coupon for the new Coke. A retired Air Force officer, explained in a letter to the Coca-Cola company that he wanted to be cremated and interred in a Coke can, but now that this change had come about he was reconsidering. Sharlotte Donneally, a thirty-six year old anthropologist said, “I hate the new stuff”. Wendy Koskela, a thirty-five year old vice president of an insurance company said, “It’s too sweet. It tastes like Pepsi.” She also stated, “Real Coke had punch. This taste almost like it’s flat”. Many American consumers of Coca-Cola asked if they would have the final say.When Pepsi heard that the Coca-Cola company was changing its secret formula they said that it was a decision that Pepsi tastes better. Roger Enrico, the president and CEO of Pepsi-Cola wrote a letter to every major newspaper in the U.S. to declare the victory, the letter read like this It gives me great pleasure to offer each of you my heartiest congratulations.

After eighty-seven years of going at it eyeball to eyeball, the other guy just blinked. Coca-Cola is withdrawing their product from the marketplace, and is reformulating brand Coke to be more like Pepsi…There is no question the long-term market success of Pepsi has forced this move…Maybe they finally realized what most of us have known for years, Pepsi tastes better than Coke. Well, people in trouble tend to do desperate things…and we’ll have to keep our eye on them. But for now, I say, victory is sweet, and we have earned a celebration. We’re going to declare a holiday on Friday. Enjoy! Best Regards, Roger Enrico President, CEO Pepsi-Cola USA Coca-Cola officials said, “The new formula will boost Coke’s share by 1 percent. That is worth 200 million dollars a year.” Coca-Cola management had to decide: Do nothing or “buy the world a new Coke”. They decided to develop the new formula. Roberto Goizueta, the president of the Coca-Cola Company stated, “The old Coke formula, with its secret flavoring ingredient, called Merchandise 7X, will stay locked in the Trust Company of Georgia bank vault in Atlanta, never to be used again”. This is what many Coke officials said, “This is the most significant soft drink development in the company’s history”. The change back to the old Coke was known as the Second Coming. Roberto Goizueta said, “Today, we have two messages to deliver to the American consumer, first, to those of you who are drinking Coca-Cola with its great new taste, our thanks…But there is a second group of consumers to whom we want to speak to today and our message to this group is simple: We have heard you”. On July 10, 1985, eighty-seven days after the new Coke was introduced, the old Coke was brought back in addition to the new one. This was greatly due to dropping market share and consumer protest. The market share fell from a high of 15 percent to a low of 1.4 percent. Roberto Goizueta and Donald Keough took full blame for this failed product launch. Don Keough, Coca-Cola president, said in response to the comeback, “The truth is we are not dumb and we are not that smart”. Roberto Goizueta’s response when the change about, “We have heard you”. This was said to be a classic marketing retreat. Coca-Cola executives admitted that they had goofed by taking the old Coke off the market. One old Coke loyalist said, “The company had spoiled the taste of its ninety nine year old soft drink and betrayed a national trust”. Ike Herbert, a Coke marketer said, “You would have thought we had invented a cure for cancer”. The Coca-Cola company’s eight hundred number received eighteen thousand calls of gratitude. One caller said they felt like a lost friend had returned home. The comeback of old Coke drove stock prices to the highest level in twelve years. This was said to be the only way to regain the lead on the cola. Since then Coca-Cola has been working very hard to market they re brands of soft drinks individually. Targeting different age groups and ethnic groups, and matching them to certain drinks. Sprite for instance has abandoned it s “I Like the Sprite in you” for a more aggressive and up to date approach: “Image is nothing. Thirst is everything. Obey your thirst.” In my opinion the ad campaign is directed toward urban youths between the ages of 18 and 24. The campaign features NBA star Grant Hill in a couple ads, while others include many rap and hip-hop artists singing their own lyrics about Sprite which even I myself enjoy. While Coke is aiming its Sprite ads at specific age groups, they re biggest rival Pepsi says it wants nothing to do with that route. Experts say that Coke s strategy is risky. Jesse Meyers, publisher of Beverage Digest says “It s tough to execute a niche strategy in the soft drink industry,”. He says companies fail to reach customers outside of their target audience. It seems as if the ad is doing anything but hurting the brand, it had 4.5% of the market share last year, up from 4.2% in 1993. Coke has done a lot of branching out to different markets with their other brands as well. In the United States, Coke reached an agreement to make Coca-Cola Classic the official soft drink of NASCAR. I think this was a great move seeing how NASCAR has really gained tremendously in popularity. Meanwhile POWERaDE became the official sportsdrink of the fast-growing National Hockey League. Surge is also doing very well as it is Coca-Colas biggest new product launch in over a decade. With it s “fully loaded citrus soda” slogan, it is a hit with the younger market. Barq s became America s top root beer in 1997, and will celebrate it s 100th birthday this year. Coca-Cola has also just recently signed a deal with France s popular Orangina drink. For more than 65 years, Coca-Cola has been a sponsor of the Olympics. The 1996 Summer Olympics will be held in Atlanta, Georgia, the home of Coca-Cola. One great earmark that the Coca-Cola company has is helping the people of Atlanta. They accomplish this through scholarships, hotlines, donations and contributions, etc. Another large accomplishment that the Coca-Cola has, is being the first company to make and use recycled plastic bottles. One way to see all of the achievements of the Coca-Cola company is to visit the World of Coke in Atlanta. It houses a collection of memorabilia, samples of the products, exhibits, and many other exciting items. 1998 is starting out on a good note as well with the Olympic Winter Games extending the sponsorship to 70 years. “First things First, Obey your Thirst” is the ad campaign Coke chose to go with to target teens and young adults. Based on the USA Today Ad tracker, the ads are hitting their mark. Seventy-four percent of poll respondents ages 18-24 who were familiar with the ads say they like or love them. The ads are less popular with older viewers Marketing Activities The core brands (ex. Coke, Diet Coke Sprite) of the Company continue to have a strong unit volume gains worldwide. The gains are driven by marketing programs that build brand equity with consumers by clearly differentiating each brand. I other words, the way Coke marketed their products, the consumer automatically associates and refers to cola with Coke, lemon-lime soda with Sprite and so on. Some of Coca-Cola s new marketing activities for the first quarter include:The Coca-Cola Card, the new spring and summer promotion in the U.S. for 1998. Already distributed to over 55 million consumers, each red wallet-sized card contains up to 50 special offers to obtain discounts and offers at restaurants, retail stores, and recreational spots. It s just an example of how Coca-Cola can take a national marketing program and tailor it to more than 250 local markets. It s pretty impressive if you ask me. Not only are these sort of marketing activities taking place in the U.S., they are all over the globe. “Always Time for Millions” is a very successful promotion in the Philippines that offered consumer an ATM card with a chance to win a 1 million pesos savings account. “Drink the Legend” is a very innovative ad campaign in Russia, in which the US s Europe s, and Russia s TV ads were aired in the different countries to give consumers a chance to check out the different cultures. Ramadan promotions focused on the idea of sharing, caring and generosity among family and friends in countries with large Muslim populations. The Company also continues it s involvement in a wide array of premier sports and entertainment events such as Super Bowl XXXII, NBA All-star game, and the popular Grammy Award s. Some of Cokes most popular Advertising Slogans were Year Slogan1929 “The pause that refreshes”1936 “It s the Refreshing Thing to Do”1942 “It s the Real Thing”1944 “Global High Sign”1959 “The Really Refreshed”1963 “Things Go Better with Coke”1969 “It s the Real Thing”1971 “I d Like to Buy the World a Coke”1976 “Coke Adds Life”1982 “Coke is it”1986 “Red, White, and You”1989 “Can t beat the feeling”1990 “Can t Beat the Real Thing”1993 “Always Coca-Cola” z EmployeesAs we all know, employee satisfaction is almost, if not more, important than satisfying the customers themselves. Happy workers make for faster, more efficient, better quality work. To my knowledge after doing this report, I believe Coca-Cola is filled with these types of employees. The management is very grateful of the workforce that they have, and I can see this through all of the research that I have done. Coca-Cola take care of it s employees and it s employees return the favor in many ways.I was reading the CEO s annual report, and he couldn t thank his staff enough. If I was an employee of the Coke co. I would fell like I have done a good job after what he had to say.He wrote: “No new CEO ever started out with a better team. From our senior management to all our colleagues around the world, our people are talented and hard working with a real commitment to building this business and building value for you. And we know we could not realize the opportunities before us without the support of our bottling partners and the millions of customers who sell our brands. We re grateful for putting our products in the world s hand s everyday. M. Douglas IvesterChairman, Board of Directors,and Chief Executive officerFebruary 19, 1998 All of what has been said is the basis of what Coca-Cola was built on. Without societies help, Coca-Cola could not have become over a 50 billion dollar business. Keep on consuming the world’s favorite soft drink, Coca-Cola.

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