



Master in Business Administration (MBA) Module: MBA 61 | Marketing

**CASE STUDY OF COCA COLA'S 4PS, SWOT
ANALYSIS, MICRO & MACRO ENVIRONMENT (PEST)**

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Introduction

In the age of technology where everything is rapidly evolving, marketing goes into a more competitive environment than ever before. The Internet, globalization and digitization contribute to the markets. On the one hand, burst of information stems from all sides where potential customers have limited time to investigate and consider their purchasing decisions. On the other hand, supply of products is higher than demand, leading to oversaturated markets. The only certainty is that a well-structured marketing plan based on a solid marketing strategy is the foundation of a business plan, which constitutes the mean to reach the marketing goals and achieve the objectives (Slack, 2015). Specifically, it indicates the cornerstone for the actions that should be followed in order to display the product or service to potential and existing customers, thus its analysis is an issue which causes a great deal of debate. Considering the factors related to this topic, the question of what specific consequences arise when addressing this thesis must be elaborated. This research is particularly outstanding for the reader because it will describe the 4Ps of a well-known company, which is Coca-Cola, not to mention it will focus on how marketing environment factors of SWOT analysis affect its 4Ps. The aim of this specific report is to demonstrate the significance of micro and macro environment analyses where companies could apply the resources in the most effective way in order to further improve targeted marketing strategies and broaden selling capabilities.



Figure 1 (Coca Cola, 2016)

Short description of Coca-Cola's orientation towards the market

Coca-Cola is the largest beverage company in the world, providing to consumers more than 500 sparkling and nearly 3.900 beverage choices (**Coca-Cola, 2017**). It must be stressed that Coca-Cola is a leading manufacturer, distributor and marketer with a various valuable and recognizable brands on both sparkling and still beverages. According to **Forbes (2017)**, Coca-Cola maintained its place at the top of the food and beverage industry, enlisted in place #86. Furthermore, based on **Business Insider (2017)**, of all beverages consumed every day around the world, Coca-Cola products preserve the 3.1% not to mention that the logo is recognizable by 94% of the world's population. In my perspective, Coca-Cola is more experiential corporation investing on human-centric system of values. Briefly, Coca-Cola believes in a high-level mission with long-term vision implementation focusing on customers' needs. It is important to be told that for several years Coca-Cola inspires consumers through the promotional phrase "Success is not a destination, but a journey" (**Coca-Cola, 2017**). However, many questions arise concerning the way Coca-Cola has reached a leading position in the market with a very good reputation as well as brand awareness. Was the product different from others? Was the product innovative? Did Coca-Cola consider the Strengths and Weaknesses of its products versus the competition? Did Coca-Cola measured the opportunities and the threats? The answer to all the above inquiries is YES! Still, how did the company accomplished to conquer the beverage industry all these years? Initially, setting the main objective, which was to increase sales' volume to the maximum level for each physical year. Every year this objective alters based on the results of the previous year. Specifically, market trends as well as its size and growth rate, current market position, economic and political conditions, macro and microenvironment factors, social values, future expectations and predictions are taken into consideration.

Short description of Coca-Cola's 4Ps

According to **Business Insider (2017)**, Coca-Cola spends more money on advertising than Microsoft and Apple combined in order to promote its products as well as the brand in the market. Therefore, to have only successful promotional campaigns, Coca-Cola uses a model that optimizes marketing mix components, helping the company to determine marketing options in terms of price, product, place and promotion meeting

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consumers' demands. In other words, the given model that is called 4Ps provides the company with the way to communicate its products to the audience, specifically, to place the appropriate product, at the right price, in the right place at the right time.

Product

Coca-Cola maintains the widest range of soft drinks in beverage industry, which consists of 3.900 different products. It must be stressed that these soft drinks are classified on different various categories such as diet, fruit juice, tea, energy drinks and more. Company's products preserve their presence in different packaging and sizing. However, Coca-Cola has unique shape reminding always the brand. Coca-Cola is the most successful carbonated drink with global existence and awareness and the most impressive is its adoption as the meal complement in some cultures (Sicilia & Palazón, 2008).



Figure 2 (David Wolfe, 2017)

Price

Price is the heart of a business because it secures its profits. Each price of Coca Cola's products is adjusted based on market and geographic segmentation and is standard for all over the world. On the one hand, the company follows a pricing strategy based on its competitors, mainly Pepsi. On the other hand, prices depend on growth rate as well as on market opportunities. For instance, Coca-Cola offers huge discounts on bulk purchases. Nevertheless, while the beverage industry is considered an oligopoly (few sellers and large buyers), the dominants Coca-Cola and Pepsi have formed a cartel agreement to ensure a pricing balance. It should be noted that the company applies a different pricing policy to each sub-brand (Coca-Cola, 2017).

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Place

Coca-Cola preserves an extensive distribution network providing its products available in almost all the retails and big chain markets all over the world. The company follows the fast-moving consumer goods (FMCG) pattern where the distribution begins with the producer and ends with the consumer (Golder & Tellis, 1993). The company's distribution system is so effective that has eroded smaller production units of similar products.

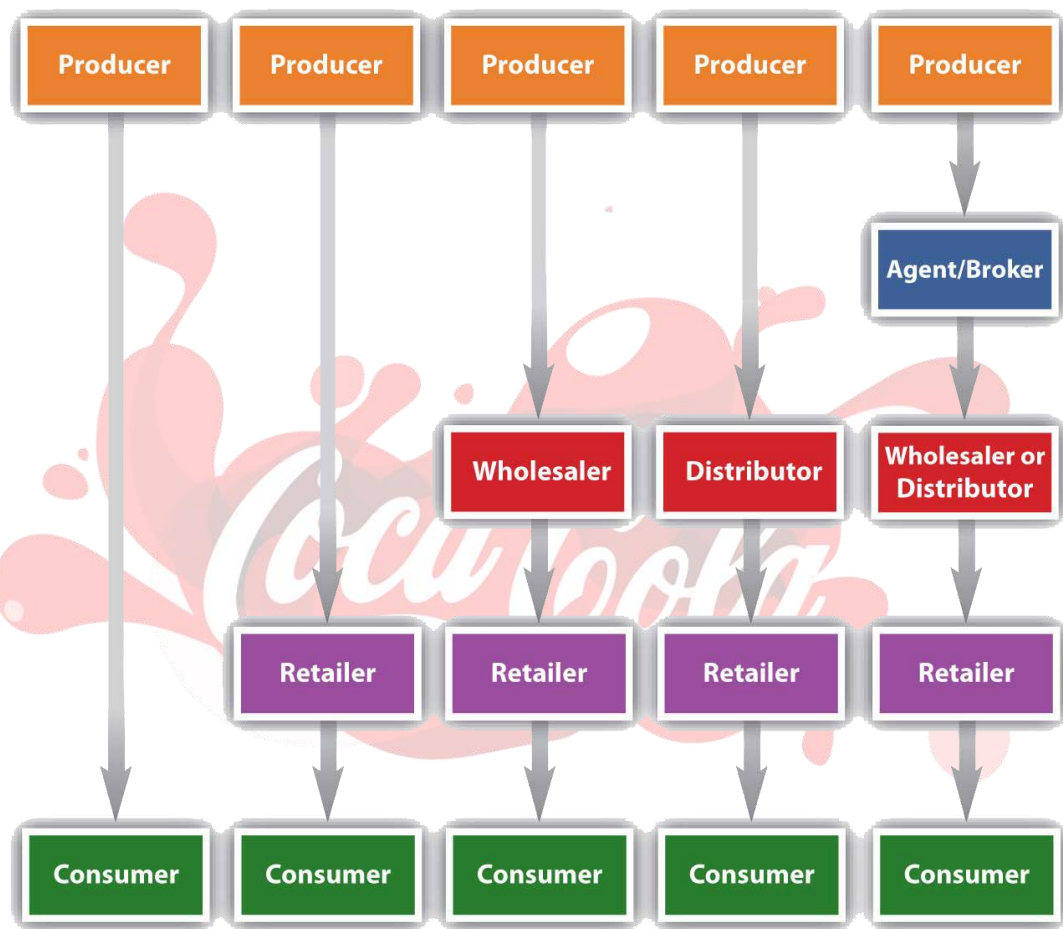


Figure 3 (Flat World, 2017)

Promotion

Coca-Cola adopts various advertising and promotional strategies focusing on consumer's demand increment. The benchmark for this aggressive marketing is the significant amount investment on advertising campaigns such as TV, radio, print and online media, transport, billboards etc. Moreover, Coca-Cola makes use of corporate social responsibility (CSR) in order to acquire sentimental benefit on customers' minds, while driving alteration towards sustainability such as social issues improvement as

well as planet rescue. Despite the fact that the company uses celebrities with the ultimate goal the consumers to integrate the products as required in their everyday life, provides also sponsorship to huge events. The given way of advertising is interactive as the consumer could win one of the company's products keeping indelible in mind the brand. Finally yet important, is the fact that Coca-Cola applies push and pull strategy by offering exceptional incentives to both distributors and retailers in order to promote the brand. Specifically, the company allows promotional sales to retailers as well as price discounts and allowances to distributors (**Hassan, et al, 2014**).

How marketing environment factors of SWOT analysis affect Coca-Cola's 4Ps

An enterprise is like an open system that is constantly influenced by various environmental factors in order to increase or decrease the quality of strategic decision-making. Thus, these factors should be considered in depth for long-term brand reputation by the powerful SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis in combination with PEST (Political, Economic, Social and Technological).

Internal Business Analysis

Coca-Cola ensures fundamental internal features such as the efficient production process, the appropriate organizational skills as well as the effective communication and distribution networks, in order to achieve its mission and objective, the consumers' satisfaction. Coca-Cola uses the SWOT analysis technique to monitor its internal strengths and weaknesses, which appear to be one of the most complex part of company's culture (**Appendix**). However, in order to manage its internal environment effectively, the company carries out assessments in all sections of the consumption and production process to guarantee the proper functionality in all aspects.

External Business Analysis

The outer business environment is more powerful than the internal one. External factors, which are divided into two types -the Micro and Macro environment-, can affect the entire business even the economy. In particular, any alteration, especially in the macro environment, can create threats with aspects in the entire market place. These threats might be the instability of the economy, the environmental conditions and the demographic patterns that immediately affect consumers' attitude. The opportunities and threats of the SWOT analysis are directly related to and influenced by the external environmental factors of Micro and Marco environment.

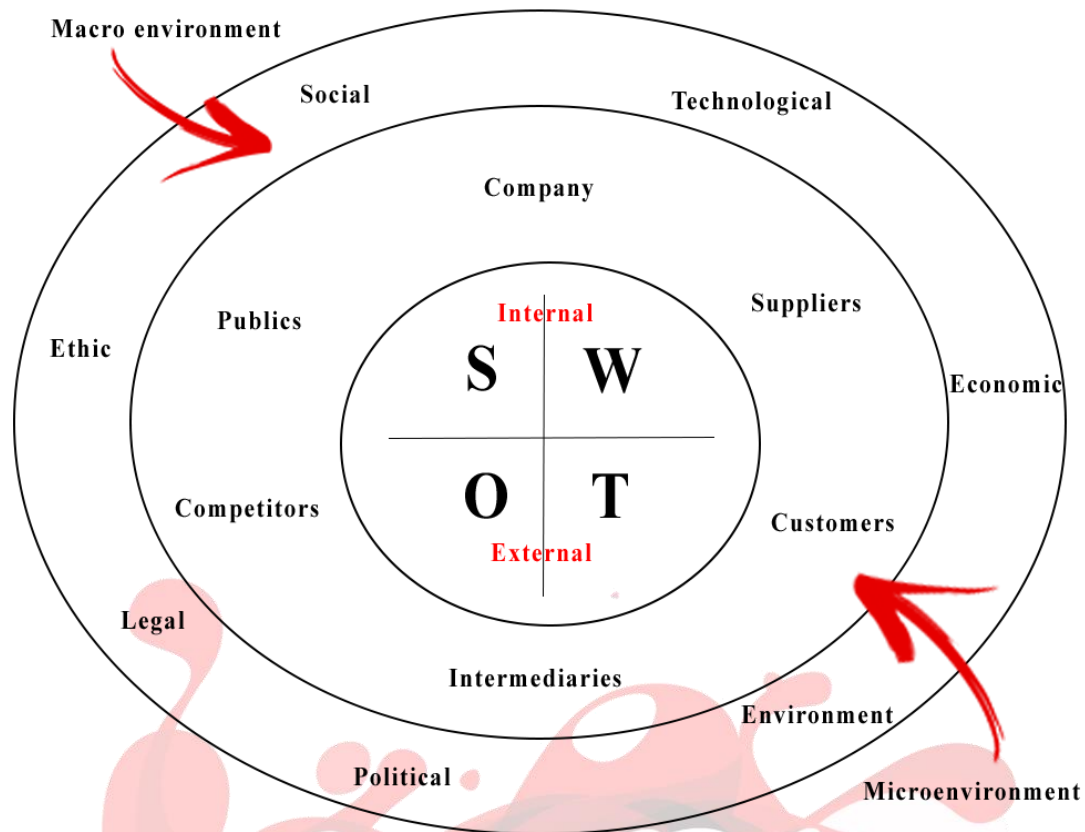


Figure 4 (Panagiotopoulou, 2017)

Macro Environment

The Macro environment is translated as a range of forces, which affect not only Coca Cola's dynamic but also the factors within the microenvironment. Coca-Cola applies the PEST strategic analysis tool before the SWOT analysis in order to measure and assess the market.

PEST analysis

Political forces

Coca Cola is a giant in the beverage industry and its products are distributed around the world. However, the company must follow specific rules and regulations in order to be able to maintain the given distribution network. In particular, Coca-Cola is a product of health interest and is constantly undergoing checks by governments and health authorities. A huge example is its distribution in a Muslim country. If Coca-Cola does not bear the Halal stamp on it, the products could be easily banned from all Muslim countries (Bergeaud-blackler, 2016). It is obvious that the political and legal forces affect the place.

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Economic forces

In the era of the global economic crisis and rising inflation, production costs are going up (**Cooley, Hansen, 1989**). Coca-Cola has to deal with the given problem either by increasing its prices or by maintaining them, with a less favorable profit. This creates a crucial dilemma for the company because consumers do not meet the need for survival but the desire. For instance, a bottle of Coca-Cola 1,5lt in 2002 was costing 0.99€ while today, after 11 years of increased inflation, the identical bottle costs almost the double price 1.80€. It is true that economic forces promptly affect the price.

Social forces

In my perspective, social and cultural forces are the most important because they relate to the behavior of consumers that are differentiated between countries, cultures, religious beliefs and the individual way of life. In particular, Coca-Cola has to ensure a level of adaptation that is suitable for different markets and preferences in order to be able to properly portray its products the right time and gain consumers' interest. One example is the Muslims' fast, called Ramadan, where for 30 days Muslims must be moderately nourished based on their religion and consume strictly only water. Thus, the company this time of period cannot carry out any promotional action of its products because it will seem to be against the habits of a religion and spoil its brand. Another example is the research that Coca-Cola strengthens obesity (**Bukowiecki, et al 1983**). The given view has polarized advocates of healthy lifestyle, which destroy company's reputation and campaigns. Thus, Coca Cola's promotion is inseparably linked to social and cultural forces.

Technological forces

Coca Cola looks very carefully at customers' feedback and invests in their needs for many years, giving the company a human-centric character. With technology facilitation, Coca-Cola creates unique collectible bottles in various shapes as well as sizes and provides them to consumers' through digital events. At the same time, the company creates an online store through which it sells its products at all points of the planet where the Internet can reach. Finally yet important, Coca-Cola enters the music industry in collaboration with Spotify, providing its customers with music on demand and the ability to connect with those who love the same type of music around the world (**Coca Cola, 2013**). Consequently, each digital consumer automatically connects Coca-Cola with technology and the music industry and the product launches concerning

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recognition and sales. Technological developments affect the product with regard to its form, shape and size not to mention brand awareness.

Micro environment

Company

Coca-Cola is a company with rich and long history. The first drink was created in a pharmacy and the company has now almost reached to monopolize the beverage industry. With its rich history and strong working ethic, Coca-Cola has become one of the most beloved and recognizable companies in the world. In this way, Coca-Cola affects the promotion.

Suppliers

It is for granted that suppliers directly affect the product in all its aspects, from the manufacturing to the packaging. They play crucial role concerning the product because they provide resources and raw material to the company. According to **Coca-Cola (2013)**, a “sound, stable and ethical supply” are vital to continued success.

Competitors

As in every industry of the economy, there is also competition in beverage. Competitors affect several areas of the business, such as the quality, the promotion, but above all the price. Determining the price of the product based on competition combined with its unique quality make Coca-Cola affordable, indelible in mind, and sometimes essential for every consumer.

Customers

Coca Cola has a huge distribution network to satisfy its customers. The company, in order to optimize its distribution network, acknowledges as targeted customers international retail chains and restaurants. At the same time, the company provides them a training program for more efficient and profitable entrepreneurship that is called “Customer Development and Training”. For **Coca-Cola (2013)**, customers affect the place of 4Ps.

Conclusion

To sum up, it would be wise for business world to consider these factors when addressing this issue. In my opinion, the internal and external environments are extremely significant to be measured concerning the performance of the company not to mention the efficiency. Coca-Cola has been able to dominate the beverage industry because the company strictly applies all the essential analyses. In my personal opinion,

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for any business to be successful, must be able to gain consumers' loyalty and defeat competitors. To achieve this, each enterprise must follow a sequence of steps. First, the company has to calibrate the macro environment, then the microenvironment, after the SWOT analysis as well as the 4Ps and ultimately apply innovative and effective marketing and management strategies that will grow profit and brand reputation. Nevertheless, the marketing strategy of enterprises will continue to be with us for a long time because it has become an integral part of business world. I feel very strongly that this topic will be discussed and researched further in order to help marketing plans be more productive as well as innovative.



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Panagiotopoulou V. 2017. Copyright for the creation of this case study.

Appendix

SWOT analysis of Coca-Cola

Internal Analysis	
Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Unique brand identity 2. Worldwide presence 3. Largest market share in beverage industry 4. Variety of products 5. Loyalty of consumers' 6. Largest distribution network 7. Financially strong 8. Effective advertisements with CSR 9. Bargaining power over distributors and retailers 	<ol style="list-style-type: none"> 1. Strong competition with Pepsi 2. Absence in the food and snack industry 3. Negative publicity concerning health beverages 4. Water management concerning consumption and pesticides

External Analysis	
Opportunities	Threats
<ol style="list-style-type: none"> 1. Advertise less known products of company's variety 2. Diversification in new sectors 3. Expansion to logistics area for cost amortization 4. Advance technological infrastructure 	<ol style="list-style-type: none"> 1. Water scarcity 2. Indirect competitors 3. Health reports concerning harmfulness of Coca-Cola 4. Economic and political instability

