# Analysis of Coca-Cola Company's Marketing Strategies and Business Model

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**Abstract.** In the context of the highly competitive global beverage market, this paper takes the Coca-Cola Company as the research object to analyze its unique marketing strategies and business models. With a rich history dating back to 1886, Coca-Cola has become the world's largest beverage company nowadays, with extremely high brand recognition and loyalty. Marketing strategies are a focus point of this essay. In the early stage, it increased brand awareness through outer-package bottle design, targeting American soldiers during World War II, and changing the Chinese-market-translated name. In the later stage, it strengthened its market position by investing a large amount in advertising, emphasizing the emotional connection with consumers, and establishing strategic partnerships with major events. Besides, this paper also analyzes its business model, which includes extensive distribution channels and multi-source revenue composition. This paper aims to provide targeted suggestions for Coca-Cola Company to face current challenges and offer references for other enterprises.

**Keywords:** Coca-Cola company, marketing strategies, business models.

## 1. Introduction

Coca-Cola Company is a world-leading beverage company, with its headquarters located in Atlanta, Georgia, USA. It was founded in 1886 when John Stith Pemberton invented the Coca-Cola beverage in an Atlanta pharmacy. At first, Coca-Cola was sold as a headache medicine. In 1887, Pemberton registered the trademark of "Coca-Cola Syrup and Concentrate" in the US Patent Office, got its intellectual property rights, and promoted Coca-Cola with coupons for the first time. In 1888, Isaac Alexander bought the formula and trademark of Coca-Cola and officially began to promote and sell the beverage, and the popularity of Coca-Cola gradually increased. It was during World War II that Coca-Cola known all over the world. Robert Woodruff, the then-chairman of the company, decided to sell Coca-Cola to the US military at a low price. Moreover, the company established bottling plants around the world with the US military, which promoted Coca-Cola to the international market. Up to now, Coca-Cola Company has developed into the world's largest beverage company, and its products are sold in almost all countries and regions. The company has a strong market share in the carbonated beverage field and has a significant influence in the non - carbonated beverage market (such as water, fruit juice, tea beverages, etc.). The brand not only has very high recognition among consumers but also has excellent brand loyalty. Currently, more than 1.9 billion cups of Coca-Cola products are bought by consumers in more than 200 countries every day. In addition, through continuous acquisitions, Coca-Cola Company now owns more than 500 soda and non - carbonated beverage brands, among which 20 brands, including Coca-Cola Zero, Fanta, and Sprite, have an annual sales volume of over one billion US dollars [1].

Such remarkable data are due to the Coca-Cola Company's unique marketing strategies and business models. For example, the company expands its market share through acquisitions. At the same time, the company builds a strong distribution network and cooperates with bottling companies to ensure wide product coverage and stable supply. In terms of marketing, the company constantly innovates products and launches low - sugar and natural-ingredient beverages to adapt to the market and the public's trend towards health needs. Coca-Cola also invests a great deal in digital marketing and data analysis to improve market response efficiency. The above-mentioned marketing and business strategies make Coca-Cola Company highly competitive in the beverage industry and

maintain its leading position, so it is very valuable to analyze these strategies. This paper aims to analyze these two aspects in detail with specific cases and summarize their unique marketing methods. The first part will focus on the research of the company's marketing strategies, the second part will explain the business model followed by the company, and finally, targeted suggestions will be given according to the challenges faced by the company at present.

## 2. Analysis of Coca-Cola Company's Marketing Strategies

### 2.1. Early-stage Brand Awareness Promotion

Looking at the development history of the Coca-Cola Company, establishing high popularity on public platforms was very important in the company's early development stage. This part will mainly analyze three representative cases of establishing brand awareness in the early development of the company: the design of the contour bottle, the positioning in the US domestic market, and the name change after entering the Chinese market.

In the early 20th century, Coca-Cola gradually became a popular beverage, and its sales volume showed a steady and significant increase. However, Coca-Cola originally used ordinary glass bottles, which were usually in a standard straight-column shape. Since there were many similar bottles on the market at that time, Coca-Cola could not stand out among many beverages and lacked distinctiveness. Especially for cold-drink vendors at that time, it was very inconvenient and time-consuming to find Coca-Cola in an ice bucket full of various beverages with the same glass bottles. So, after a small-scale increase, Coca-Cola's sales volume remained stagnant. On April 26, 1915, the council of Coca-Cola Bottling Association voted to invest up to 500 US dollars to develop a unique Coca-Cola bottle to improve brand recognition and prevent competitors from imitating. After that, 8 - 10 glass-manufacturing companies in the United States received a challenge to design a bottle that could still be recognized when touched in the dark or dropped on the ground. Thus, a design competition based on this simple idea was officially launched. Finally, Henry Bottlemann and his team launched the contour bottle in the American Bottling Company and applied for a patent. This bottle has a unique curve and ripple design, partly inspired by the shape of cocoa beans and 18th-century French bottles. Its unique curved contour and concave bottle-body design makes it recognizable even when broken, greatly improving the recognition of Coca-Cola products by salespersons and consumers when sold. By 1949, a survey showed that more than 99% of Americans could recognize Coca-Cola just by its packaging. So, the Coca-Cola contour bottle has become a synonym for Coca-Cola. The change in packaging design has greatly increased the brand's popularity [2].

During World War II, the United States began to send troops all over the world. However, the cruelty of the war reduced the morale of many American soldiers. Coincidentally, Coca-Cola seized this business opportunity and established the positioning of its product and brand: selling Coca-Cola to many American soldiers. The company used advertising and promotion strategies to emphasize the feeling of "home" and support for the nation. By promoting Coca-Cola as "the drink of Americans", the company established an emotional connection with the soldiers from "home" and strengthened the national identity of the brand. Besides, Coca-Cola adopted a very attractive pricing strategy during the war. The company promised to keep the price of Coca-Cola in military camps at 5 cents per bottle, which was much lower than its regular market price. So, the US military became a fixed consumer group of Coca-Cola. To sell Coca-Cola to the US military scattered all over the world, the company established a strong logistical support system and supply chain. Specifically, it established battlefield bottling plants around the world, usually near military bases, to ensure the timely supply of beverages to soldiers. In this way, Coca-Cola successfully solved the supply-chain challenges in the war zone. So, during World War II, Coca-Cola's sales volume was amazing. According to statistics, the US military consumed more than 5 billion bottles of cola during this period. At the same time, Coca-Cola also entered the world market with the US military, and its popularity around the world increased [3].

Focusing on the Chinese market, Coca-Cola was first introduced to Shanghai, China in 1927. Initially, Coca-Cola did not directly use its original brand name in its promotion in China but used

the Shanghai - dialect transliteration: "Ke Dou Ken La". However, because of this name, the public's acceptance and purchase interest in this product did not increase significantly. So, the sales volume of cola was very poor, with an annual sales volume of only more than 400 bottles in China. To break into the Chinese market, the company offered 350 pounds to seek a beautiful Chinese-translated name for Coca-Cola. Finally, the translated name "Ke Kou Ke Le" by Jiang Yi, a Shanghai student studying in the UK, was chosen and adopted. Since then, the public's acceptance has increased, and thus the popularity of Coca-Cola in China has also risen. By 1948, the sales volume of cola in Shanghai had exceeded 1 million bottles [4].

### 2.2. Later-stage Advertising Promotion

After entering the 21st century, as Coca-Cola's competitors have continuously increased, the strategies used by the company in the early stage can no longer strengthen Coca-Cola's position in the beverage industry. So, advertising has become a key strategy for the company. To be more specific, the company's advertising investment budget has been on an increasing trend since 2014, only decreasing in 2020 due to the pandemic. By 2023, Coca-Cola Company has budgeted 5 billion US dollars for advertising [5].

Coca-Cola attaches great importance to extensive advertising promotion. The company invests a large amount of money on multiple platforms and channels, such as television, digital platforms, print media, and outdoor advertising. In addition, the company's advertising promotion usually has the following two characteristics. First, it attaches importance to the emotional connection with consumers. Second, it establishes strategic partnerships with major events.

In terms of establishing an emotional connection with consumers, Coca-Cola's advertisements can effectively enhance brand loyalty by connecting with consumers' emotional needs (such as happiness, friendship, celebration, etc.). When consumers resonate emotionally with the brand, they are more willing to make repeat purchases and remain loyal to the brand. This loyalty can enhance the brand's market share and stability in the long run. The "Share a Coke" advertising campaign launched by the company in 2018 is a successful case. This campaign created a personalized experience by replacing the regular brand logo with consumers' names. This advertisement not only increased consumers' emotional investment in the brand but also inspired a large amount of social-media interaction and user-generated content, further enhancing brand awareness. According to statistics, only one month after the campaign was launched in Australia, Coca-Cola's sales in the country increased by 7%. At the same time, the campaign also had very impressive data on social - media interaction, with an interaction volume of over 100 million times [6].

Besides, Coca-Cola also promotes advertising through strategic partnerships and sponsorship activities. The company actively sponsors large-scale sports events, music festivals, and cultural activities to reach a wider audience. For example, Coca-Cola has long-term sponsorship cooperation with the World Cup and the Olympics. Whenever these international grand events are held, Coca-Cola's brand logo and advertisements are almost everywhere, and this global exposure enhances the brand's international recognition. Taking the 2016 Rio de Janeiro Olympics as an example, as a global sponsor, Coca-Cola enhanced its international brand awareness through its extensive marketing activities. During the Olympics, its advertisements, through television, social media, and display in Olympic venues, reached billions of viewers. Meanwhile, Coca-Cola also carried out marketing activities related to the Olympic spirit, such as the slogan "Share Happiness". Such sponsorship not only enhanced the brand's image but also brought actual sales growth. Apart from that, Coca-Cola also sponsors many music festivals and concerts. For example, through the "Coca-Cola Music Festival" and cooperation with well-known music artists and popular music events, the company can attract young audiences, and at the same time, through the combination of on-site activities and digital media, enhance the brand's interactivity.

# 3. Analysis of Coca-Cola Company's Business Model

## 3.1. Business Model Overview

Coca-Cola Company has a unique and successful business model, which mainly includes distribution channels, revenue sources, customer relationships, and key resources, etc. This paper will mainly analyze distribution channels and revenue sources. In terms of distribution channels, Coca-Cola has built extremely extensive distribution channels, which can be mainly divided into modern channels and traditional channels. Additionally, the company also adopts a diversified distribution strategy, using a combination of direct sales and distribution. Through direct cooperation with large retailers and distribution with the help of wholesalers, Coca-Cola products can reach every corner. In terms of revenue sources, Coca-Cola Company's revenue mainly comes from selling beverages to consumers, paying license fees to bottling and distribution partners, and other business investment income.

## 3.2. Distribution Channels

Coca-Cola Company has extensive and diversified distribution channels, which can be mainly divided into the following major parts: modern channels, traditional channels, direct sales, and distribution, etc. As for the modern channels, Coca-Cola Company mainly uses e-commerce platforms, social media, and vending machines for sales. And Coca-Cola has the largest sales volume on global e-commerce platforms. In June 2021, Coca-Cola Nigeria Company reported that its sales volume on e-commerce platforms had tripled. Also, in the JD sales ranking in 2023, Coca-Cola ranked first with an annual sales volume of 13.9 million pieces and a sales amount of 570 million yuan. Through e-commerce platforms, Coca-Cola can directly sell to consumers, expanding the sales range and improving product availability [7]. Secondly, vending machines also belong to modern channels, and the company widely installs vending machines in every corner of the city. Through the vending-machine channel, Coca-Cola provides a fast-purchase channel and meets consumers' immediate purchase needs.

The traditional sales channels of Coca-Cola Company can be divided into retail stores and wholesale channels. Retail stores include supermarkets, convenience stores, grocery stores, etc, with a high penetration rate and stocking rate of its products in various retail stores. The statistical data of COFCO Coca-Cola in 2022 shows that the penetration rate of the company's products in large-scale stores, supermarkets, and convenience stores nationwide has reached 100%, with that of small supermarkets and grocery stores being 97% and 80%, respectively. Besides that, in some supermarkets, Coca-Cola occupies a large shelf space, and the product display position is usually more conspicuous, which makes it easy to attract consumers' attention. For example, in the beverage area of a supermarket, Coca-Cola products are often placed in the prime position on the shelf. Through the retail-store channel, consumers can conveniently buy Coca-Cola products during their daily shopping. Secondly, Coca-Cola cooperates with wholesalers, sells products in batches to wholesalers, and then the wholesalers distribute them to lower-level retailers. The wholesale channel can help Coca-Cola quickly cover a wider area and improve the market penetration rate of products. At the same time, wholesalers usually have their own logistics and distribution systems, which can reduce Coca-Cola's logistics costs.

In addition, the company also adopts a diversified distribution strategy, using a combination of direct sales and distribution. Through direct cooperation with large retailers and distribution with the help of wholesalers, Coca-Cola products can reach every corner [8].

## 3.3. Revenue Sources

Coca-Cola Company has a wide range of revenue sources, mainly including product marketing revenue, investment income, etc. As for product marketing, its revenue can be mainly divided into direct and indirect. First, as a leading company in the global beverage field, Coca-Cola Company's key profit-making way is to sell various products to many consumers. Besides the classic Coca-Cola,

the company also researches and markets a series of equally popular beverages. For example, Diet Coke, with its low-sugar and low-calorie characteristics, meets the needs of consumers who pursue a healthy lifestyle. Sprite attracts many consumers with its unique taste. Fanta is deeply loved by the youth group with its rich and diverse flavors. So, the marketing revenue of the company's series of products has become an important source of the company's revenue. According to Coca-Cola Company's 2023 financial statement, the company's annual product sales amount was 45.8 billion US dollars [9]. Apart from directly selling products to consumers, Coca-Cola also authorizes its products and brands to other companies. Other companies use Coca-Cola's brand in the market to create revenue for themselves and Coca-Cola. For example, Coca-Cola authorizes its brand clothing companies to launch clothing series with the Coca-Cola logo; authorizes toy manufacturers to produce Coca-Cola-themed toys; and authorizes catering enterprises to develop Coca-Cola-flavored candies and other foods. In the authorization process, Coca-Cola Company can establish a partnership with the authorized party and achieve a win-win situation. For other companies, by using Coca-Cola's brand awareness, they can increase the sales volume of their products. For Coca-Cola, it can not only expand the market coverage of the brand, use the resources and channels of other companies, and increase brand influence. At the same time, it can also bring an additional revenue source for Coca-Cola Company, and the authorization fee has become an important part of the company's profit.

Moreover, Coca-Cola also realizes wealth growth through investment in other companies. The company mainly builds a large-scale investment and acquisition portfolio in the food and beverage industry. Precisely, Coca-Cola Company has more than 80% ownership of Minute Maid, Vitamin water, Costa Coffee, etc. These investments have opened additional revenue channels for Coca-Cola. At the same time, investment also provides a precious opportunity for Coca-Cola to enter new market areas and expand its business boundaries.

## 4. Conclusion

With its unique marketing strategies and business models, the Coca-Cola Company holds a leading position in the global beverage market. In the early days, it increased brand awareness through the design of the contour bottle, precise market positioning, and smart name changes. Later, it vigorously invested in advertising promotion, established emotional connections with consumers, and expanded its influence through sponsorship activities. Therefore, Coca-Cola's marketing strategies have achieved very remarkable results in both marketing revenue and market share. In terms of business models, extensive and diversified distribution channels and multi-source revenue composition have provided a solid foundation for the company's continuous development.

At present, the company has both advantages and challenges in market competition. Its advantages mainly include five aspects. First, it has a strong and long-lasting brand, and its iconic logo is recognized and trusted by consumers all over the world. Second, the global influence of the company is significant, with operating in more than 200 countries, and its products being sold all over the world, enabling it to reach a wide variety of audiences and take advantage of emerging market opportunities. Third, the products are diversified. Besides the classic Coke, its products also include popular beverages such as Sprite and Fanta, which can meet the taste preferences of different consumers. Fourth, there is strong financial performance, thus bringing rich returns to shareholders and achieving sustainable profit growth. Fifth, the company has an incentive to innovate and adapt to consumer preferences, which regularly launches new products and flavors to adapt to the changing consumer preferences and trends and maintain its competitiveness in the market. However, the Coca-Cola Company also faces many challenges, such as the increasingly fierce market competition and the impact of consumers' growing health awareness on traditional carbonated beverages. To meet these challenges, the Coca-Cola Company can continue to increase product innovation efforts, develop more beverages that meet the health trend to satisfy consumer needs, such as sugar-free Coke; further optimize distribution channels to improve the efficiency and flexibility of the supply chain; strengthen digital marketing and data analysis to more accurately meet consumer needs and sell products more

efficiently. Meanwhile, the company should also actively pay attention to environmental protection and sustainable development, assume corporate social responsibilities, and enhance the brand's social image. However, even though the company faces the above challenges, the Coca-Cola Company still maintains its leading position in the global beverage market.

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