Coca-Cola's Gains from Digital Marketing

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Abstract. More businesses now decide to upgrade via expansion to digital platforms. As a famous and old brand, began in 2010, Coca-Cola's moves in this field have been significant. This paper explains how Coca-Cola use digital platforms and benefits from that. This is unique because research papers about Coca-Cola in digital market are rarities. At the same time, this offers ideas or data that help other businesses to observe Coca-Cola in a more thorough perspective.

Keywords: Coca-Cola; Digital Marketing; Vertical Integration; Share A Coke.

1. Introduction

The Coca-Cola firm is an American multinational beverage corporation founded in 1892. It's one of the biggest businesses who serve multiple drinks to customers because of its prestigious impression. However, it faced a crisis in 2009. Coca-Cola's Share Price dropped 9%.

Table 1. Net Income of Coca-Cola in 2008-2010

Year	Net Income (mil.$)	Price Per Share ($)
2008	5,807	26.91
2009	6,824	24.38
2010	11,787	28.26

(en.wikipedia.org/wiki/The_Coca-Cola_Company#Revenue_and_sales)

In this case, Coca-Cola watched its losing market share due to lack of uniqueness and approaches. Therefore, their exploration on the digital platform began because it aimed to expand and establish stable customers. This ensured its further domination until now.

Coca-Cola is considered to be at Tier 3 in the digital transformation, which means that it belongs to Production Ecosystem. Coca-Cola did develop data-driven services like "Real Magic" to gain more interactive data. Yet Coca-Cola hasn't earn assets or profits from digital platform.

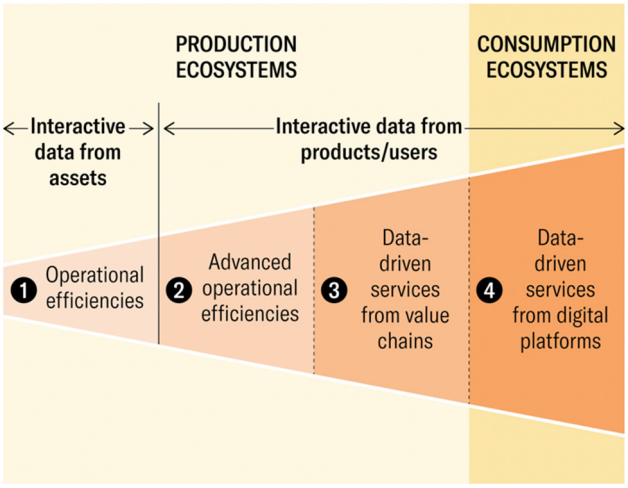


Figure 1. Hbr.org/2021/09/the-4-tiers-of-digital-transformation

In order to revive its market, Coca-Cola had created new campaigns to lure customers.

2. Coca-Cola's Moves

2.1 Share a Coke

Share A Coke is a public event for Coca-Cola. It began in 2011, and now applied to regions such as United States or New Zealand, using 250+ millennial names to raise brand awareness.

Via this, customers are capable to put their friends' or families' names on the Coca-Cola bottles. This urged people to spread Coca-Cola on an international level. Also, the posts on social medias caused rapid diffuse of Share a Coke because of its amuses and direct interactions with customers. Later on, despite of people's names, popular words were also placed on the bottles. This extension draws the attention of teen market, because teens loved trends. As a result, the consumption of below 18 has increased 7%. The total sales have increased 2%.

Especially in 2014, more than 125,000 posts are on the internet. At that time, Share A Coke is one of the most frequently researched phrases on Google and Bing. This added to Coca-Cola's profiles in different social medias. On Facebook, 39% of followers and 870% of visitors are increased due to this. Share A Coke has built Coca-Cola a firm customer base and more potential customers.

Expect for those generations, Share A Coke is the first digital approach that Coca-Cola had which achieved huge success. It's a monumental step for Coca-Cola because it opened a new door. It discovered a new platform to advertise their products, which is the internet. Also, it fosters people to alter their impressions of the inflexible or conservative Coca-Cola. Because Share a Coke fosters relationships of people, this individual touch brought a better image.



Figure 2. Medium.com/@onlykutts/iconic-ad-campaign-coca-cola-share-a-coke-a8e5342a89b5

2.2 The Happiness Machine

The Happiness Machine is one part of the Open Happiness, one of Coca-Cola's new market initiatives. How Happiness Machine functions is that there will be hidden cameras placed on Coca Cola's vending machines. While customers purchased Coke or else, this will document their reactions toward surprises, such as additional offers or random items.

This Machine is a customized thing that drives customers to be positive. Customers need to finish certain tasks from it to gain the additional stuffs, like singing a song, dancing to another person, or hugging the machine. Then these recorded videos will be posted on Youtube via the official Coca-Cola, bringing happiness to both people in the video or watches the video.

This approach has received millions of views on all the websites. The Happiness Machine reinforces the image that Coca-Cola build in the Share A Coke, which is an interactive firm. This heightened Coca-Cola's reputation and attracts more customers.



Figure 3. Digitalscholar.in/coca-colas-digital-marketing-strategies/#coca-colas-top-marketing-campaigns

2.3 Polar Bear

On the other hand, there's still another advertisement of Coca-Cola that used to build image. The difference is that this involves CSR (Corporate Social Responsibility).

In Coca-Cola's Super Bowl advertisement, 2012, it includes two polar bears holding Coke and shared it to others. The importance of this advertisement is that it reacts to events that happened at that time. Polar bears are cute, which the audiences will interact with them. But via this, it advocates the public to save those endangered species, especially polar bears.

Lots of people's reactions after viewing this campaign is to tweet this to their friends. Not only Coca-Cola promotes people to raise awareness about this real-time incident, also people will then think Coca-Cola as a responsible business that cares about environments and animals. This automatic link between a business and a nice impression is build. This is the most influential global outreach that Coca-Cola has done in the 2010s.



Figure 4. Digitalagencynetwork.com/what-you-can-see-from-coca-colas-digital-marketing-strategy/

3. Vertical Integration--Bottle Business

Apart from those digital approaches that it did, there're other areas that Coca-Cola worked on to improve itself. Vertical Integration is one of examples.

In 2010, Coca-Cola had purchased its biggest bottle firm--Coca-Cola Enterprises. Before this, Coca-Cola needs to have extra expenses to cope with the production of bottles. For a big business, the manufacture of bottles is large-scale and expensive. After this action, Coca-Cola controlled the production of bottles, which means that the intermediary role is no longer existed.

The reason is to mimic Pepsi, Coca-Cola's biggest rival. Pepsi owns two bottlers, The Pepsi Bottling Group and PepsiAmericas, to reduce their fixed costs and achieve economies of scale. Through this, Pepsi has a more flexible system while pricing or producing those, Coke.

Coca-Cola imitated this tactic to achieve the same effect. Acquiring its bottle firms is a sort of vertical integration, which takes control of processes of production. It solves the issue of double marginalization, a firm can't maximize the profits due to extra marginal costs.

Besides, it eliminates the inefficiencies. Without external business interfering decisions or operations, productivity will be increased. Different to store to retailers, DSD (Direct Store Delivery) is more efficient. Time and costs will both be minimized.

(econ243.academic.wlu.edu/schedule/term-papers/vertical-integration-in-soft-drinks/)

4. Social Profile--Social Media

All those digital explorations that listed upon generate to Coca-Cola's social profile. On Instagram, Coca-Cola has 122K followers. On Facebook, there's 107M of them. For Twitter, the followers are 58K. For YouTube, 3.71M is the result. Facebook has the most followers among those 4 websites. This indicates that Coca-Cola's marketing strategies on Facebook are considered as most effective.

Differs from other businesses, Coca-Cola rarely updates its posts on Facebook, about once a week. This is not a surprise because Coca-Cola doesn't own its stores. Coca-Cola usually sells its products in supermarket or gas station. Under this situation, the marketing strategy of Coca-Cola on Facebook won't be focused on the E-commerce or the platform itself. Instead, keep a positive brand image to the customers will be the most effective and direct way of promotion.

According to the results, there's not a lot people like the post of Coca-Cola. Then what draws that huge number of followers? The answer is uniqueness and prestige. As an international corporation, the awareness of Coca-Cola is all over the world.

As for uniqueness, Coca-Cola has settled different Facebook accounts for different regions. For instance, there's an India Coca-Cola. This direct connection draws people from India to follow Coca-Cola, which builds up the customer base. There will be contests being held on Facebook at any time. Interactions to people also increases the influences.

(digitalscholar.in/coca-colas-digital-marketing-strategies/#coca-colas-top-marketing-campaigns)

5. Conclusion

Through all those moves that Coca-Cola has done on various aspects of their digital market, in 2011, their finance situation became better. This proved that digital marketing did brought Coca-Cola more awareness and sales at the same time.

Coca-Cola's success indicates that apart from digital related brands like PAYPAL or WECHAT, these old and traditional businesses can also use digital strategies to achieve positive effect. Coca-Cola is one of the businesses that breaks this stereotype.

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