Marketing Strategy Plan of Coca-Cola Company in the UK

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Abstract: Marketing is crucial to the success of an enterprise. This report is to develop a marketing strategy plan for Coca-Cola company, including seven parts: introduction, situation analysis, market segmentation, innovation, resource allocation, conclusion and recommendation. Situational analysis includes macro-environmental factors, such as policy, economy, society and technology; Industry elements like competitors, suppliers and substitutes; Internal factors, such as the strengths and weaknesses of Coca-Cola. Coca-Cola divided the market into different segments and target each segment with suitable products, which including provides Coca Cola range with different varieties for age segment (18-35); Multiple size of bottles target family size segment; Multiple bottles with different materials target income group; Sugar and calories-free drink target health-conscious group; “Christmas Celebration Bottle Bow” target specific occasion - Christmas. In terms of innovation, Coca-Cola launched new products, including Coca-Cola energy, Simply smoothie and Honest cold brew coffee. Moreover, it also developed new packaging material which is KeelClip™ and is going to replace all the plastic packaging from all can multi-packs. In addition, Coca-Cola innovated its service, which is the adding of loyalty scheme to vending machine. Coca-Cola uses financial planning model to determine the budget and other resources that should be allocated to each project, it invested lots of money into Diet coke and new packaging technology. The recommendation for the future development is expanding markets to health and food areas as well as target other age group (50-54) and introduce suitable products.

Keywords: Marketing Strategy Plan; Coca-Cola Company; Market & Brand Analysis; Market Segmentation; Innovation Activities; Resources Allocation.

1. Introduction
1.1. Background
Marketing is some activities undertaken by companies to promote products and service, which includes the advertisement, sale and delivery of products to consumers or other businesses, is a crucial part for every business including Coca-Cola[1]. Coca-Cola is one of the top manufacturers, distributors, and marketers of non-alcoholic beverage concentrates and syrups in the world, was founded in Atlanta, Georgia, United States in 1886 by John Stith Pemberton[2]. It owns 500 brands with a product portfolio includes more than 3,500 beverages, such as carbonated drinks, soda water, energy drinks, fruit juice, tea, coffee, soy products, etc.[2].

1.2. Purpose
In this report, I am going to make a marketing strategy plan for Coca-Cola company, which including analyzing the situation related to Coca-Cola, identifying the different market segmentation, analyzing the innovative activities and managing the limited resource.

1.3. Structure
The report will be divided into 6 parts, the first part is the market and brand analysis, which is the background for the marketing plan. The second part is the segmentation of the market, which provides the foundation for marketing strategy, because the set of strategy based on different demand in segments. Next section is the innovation activities of Coca-Cola, which are the important strategies and driven by customers preference. Then is the conclusion part, the summary of key points and finally is the recommendation for future development.

2. Literature Review
The Coca-Cola Company, founded in 1886, has established itself as a global leader in the beverage industry. Its marketing strategy has played a pivotal role in its success, enabling it to maintain a strong brand presence and competitive edge in the market. This literature review examines various scholarly articles and publications to explore the key components of Coca-Cola's marketing strategy plan.

2.1. Brand Positioning:
Coca-Cola's marketing strategy is centered around its brand positioning as a provider of happiness and refreshment. According to Keller[3], strong brand positioning helps create a unique brand identity and influences consumer perceptions. Coca-Cola has effectively positioned itself as a timeless brand associated with positive emotions, allowing it to differentiate itself from competitors and build a loyal customer base.

2.2. Integrated Marketing Communications (IMC):
Coca-Cola's marketing strategy emphasizes the importance of integrated marketing communications (IMC) to ensure consistent messaging across various platforms. Schultz and Schultz[4]highlight that IMC helps create a unified brand image and enhances brand recall. Coca-Cola's IMC efforts include advertising, sponsorships, digital marketing, and social media engagement, allowing it to reach a wide audience and maintain brand visibility.
2.3. Segmentation, Targeting, and Positioning (STP):
Kotler et al.[5] emphasize the significance of segmentation, targeting, and positioning (STP) in developing a successful marketing strategy. Coca-Cola uses STP to identify different consumer segments and tailor its marketing efforts accordingly. For example, Coca-Cola targets younger consumers with its vibrant and youthful marketing campaigns, while also appealing to older demographics with its nostalgic branding.

2.4. Product Diversification and Innovation:
Coca-Cola's marketing strategy includes product diversification and innovation to meet changing consumer preferences. Christensen[6] argues that innovation is crucial for sustaining a competitive advantage. Coca-Cola has introduced new products such as Coca-Cola Zero Sugar and Coca-Cola Energy to cater to health-conscious consumers and expand its product portfolio, demonstrating its commitment to innovation.

2.5. Globalization and Localization
Coca-Cola's marketing strategy balances global consistency with local relevance. Ghemawat and Reiche[7] highlight the importance of globalization and localization in multinational corporations. Coca-Cola maintains a consistent brand image globally while adapting its marketing mix to suit local preferences and cultural nuances, ensuring that its products resonate with consumers worldwide.

2.6. Digital Marketing and Social Media
Coca-Cola leverages digital marketing and social media platforms to engage consumers and enhance brand visibility. Kaplan and Haenlein[8] discuss the impact of social media on marketing communications. Coca-Cola's presence on platforms like Facebook, Instagram, and Twitter allows it to connect with consumers, share engaging content, and gather feedback, contributing to its overall marketing strategy. The literature review highlights the key components of Coca-Cola's marketing strategy plan, including brand positioning, integrated marketing communications, segmentation, targeting, product diversification, globalization, and digital marketing. By effectively implementing these strategies, Coca-Cola has been able to maintain its position as a leading global brand in the beverage industry. However, the company must continue to innovate and adapt to changing consumer trends to sustain its competitive edge in the market.

3. Market & Brand Analysis

3.1. Macro-environment
Many factors in the UK environment can affect the marketing of Coca-Cola's products, such as the levy policy, British VAT rate, people's pursuit of a healthy lifestyle and the development of technology.

3.1.1. Political Factors
A new levy policy of beverage industry promulgated by the UK government has implemented since 2018, which indicates that the tax is 18p per liter for drinks with added sugar of 5g or more per 100ml and drinks with a total sugar content of 8g or more per 100ml are charged 24p per liter[9]. The policy will force Coca-Cola and other beverage retailers to pay high fees for selling sugary products.

3.1.2. Economic Factors
Value added tax (VAT) is an extra fee that sellers charge for goods and services they sell. Fig 1 shows the amount of VAT the UK government expects to collect between 2017 and 2024, rising from £125.5 billion in 2017 to £155.6 billion in 2024, which may force Coca-Cola to raise prices of its products to maintain profits and thus could lead to customers' dissatisfaction and reducing desire to purchase[10].

3.1.3. Socio-cultural Factors
Recently, the pursuit of healthy lifestyle has become a significant social change. People have become increasingly aware of the health risks of too much sugar, such as causes obesity, heart and circulatory diseases[11]. Thereby, more and more people decide to reduce or avoid sugar intake, which will pose a threat to the marketing of Coca-Cola's sugary drink[12].

3.1.4. Technological Factors
The emergence of various social media has provided more platforms for Coca-Cola’s marketing[13]. Coca-Cola owns a large followers with more than 107 million on Facebook, 3.3
million around on Twitter and about 2.5 million on Instagram, which not only allow Coca-Cola to spread and marketing new products, but also interact with new and existing customers, asking for their feedbacks towards different products, and then launch new products and improve existing ones[13].

3.2. Soft Drink Industry

3.2.1. Structure
The UK soft drink market was worth more than £16.2 billion in 2018[14]. It is segmented by type of drink into different categories, which including bottled water, carbonates, dilutables, fruit juice, sports & energy drink and still & juice drink, with carbonated drinks accounted the largest share at 34.1%, followed by juice drinks (23.6 %), as shown in Fig 2[15].

3.2.2. Competitors
The British soft drink industry is highly competitive, in where companies compete in the form of product price, innovation, differentiation etc., to grab market share and earn high profits. Companies such as Coca-Cola, Pepsi, Red bull, Nestle and Gatorade dominate most of the market, of which Coca-Cola accounted the biggest market share for many years, followed by Pepsi and then Nestle[16]. Coca-Cola and Pepsi are particularly competitive, Coca-Cola gains customers’ loyalty by unique coke recipe, while Pepsi offers different soft drink to grab market share of Coca-Cola[16].

3.2.3. Substitutes
Substitutes such as bottled water, coffee and tea have put pressure on the soft drinks industry. With the increase of people's health awareness, many consumers prefer to choose water and tea rather than carbonated drinks such as coke, because they think the latter is unhealthy[17]. Moreover, coffee is becoming more and more popular as the increasing of Starbucks stores provide different flavors of coffee to attract consumers[17]. Finally, the switching cost for consumers is very low, so they can easily switch to other products and brands[17].

3.2.4. Suppliers
Large Numbers of suppliers are unable to gain a bargaining advantage from soft drink companies, especially large ones such as Coca-Cola, which has about 32,000 registered suppliers, including direct spend suppliers like raw materials and packaging suppliers as well as indirect suppliers such as IT, production equipment, maintenance services, logistics providers, facility management, etc.[18].

3.3. Coca-Cola Company

3.3.1. Strengths
Coca-Cola is the largest and most famous soft drink company in the UK, with the highest sales value of 241.5 million pounds in 2018[16]. Moreover, Coca-Cola is loyal to innovation, it reforms existing products and continuously introduces new products, new packaging and new flavors to meet the requirements of more customers, thus increasing sales and customers’ loyalty[19].

3.3.2. Weaknesses
Coca-Cola has a low degree of product diversification. It only focuses on beverage products and target customers from soft drink industry, if Coca-Cola can diversify into other markets such as snacks and provide corresponding products, it will further expand market share and earn profits[19].

4. Market Segmentation

According to Baines and Fill[20], market segmentation is the process of dividing market into customer groups with similar needs and/or characteristics that may exhibit similar buying behavior. Coca-Cola's product portfolio includes more than 3,500 beverages, from soda to energy drinks to soy-based beverages, which is a very large number and difficult to segment[21]. Thereby, I will focus on the market segmentation of coke products, which are based on the following criteria.

4.1. Demographic
In demographic segmentation, Coca-Cola company divided their customers into different groups, which are age, family size and income level groups[22]. Coca-Cola company designed and provided different products that meet individual group needs.

4.1.1. Age
The original intention of Coca-Cola is to represent coke with youth and energy, so they are targeting the younger
generation aged 18 to 35\textsuperscript{[23]}. Fig 3 shows the projected population of young people in the UK between 2020 and 2050, of which the population of 18-35 will exceed 13,119 million in 2020, which is a huge population\textsuperscript{[24]}. In order to meet the different tastes of young people, Coca Cola introduced a variety of coke flavors, including not only the classic one, but also many new flavors such as cherry, vanilla and lime etc.\textsuperscript{[23]}. In addition, Coca-Cola often uses famous pop stars to promote its products to attract more young customers.

\textbf{4.1.2. Family Size}

Family size is also an important segmentation for Coca-Cola. In the UK, people have families with different size. As shown in Fig 4, families with two people, three people, four or more people together accounted for more than half of family size categories in 2016, which enable Coca-Cola to use different size of served bottles, such as 1L, 1.5L, 2L and 3L packs, to target different family size, people can choose coke that suitable for their family size\textsuperscript{[25]}.

\textbf{4.1.3. Income}

Fig 5. The percentage of British population in 2016, by income groups \textsuperscript{[26]}
People have different income levels in the UK, which including poor, lower-income, middle-income and upper-income groups. According to Fig 5, middle-income group accounted for 58% of the UK population, which was the largest in 2016, followed by lower-income group, 21% and then upper income group, 11%[26]. In order to meet the needs of different classes, especially those with low incomes, Coca-Cola introduced bottles with different materials and cost, which evolving provides non-returnable bottle for middle-income people, returnable glass bottle with the lowest cost for lower-income group and the most expensive Coke tin for upper-income groups[22].

4.2. Psychological

In psychological segmentation, Coca Cola buyers are divided into different groups according to lifestyle or values or personality, Coca-Cola company designed and introduced products that suitable for each group[22].

4.2.1. Lifestyle

In recent years, as people's health awareness increases, more and more cola-loving young people in their 20s and 30s want to have a healthy lifestyle, they insist on reducing or avoiding sugar intake and pay attention to the calorie content of food and drinks[27]. Based on the demand, Coca-Cola introduced new product that contains no calories called diet coke, which is not just targeting female, but 80% of the sales are to women and thus led to male’s rejection, as they believe the products are designed for women[28]. Therefore, Coca-Cola launched coke zero later for male customers who are in their 20 s and 30 s and have low-calorie demand as well.

4.3. Behavioral

In behavioral segmentation, Coca-Cola buyers are divided into different groups based on their knowledge of, attitude to, use of, or reaction to the products. Many marketers think that behavioral variables, which including occasions, benefits, usage frequency etc., are the best point to start building a market segment[22].

4.3.1. Occasion

Occasions are very important segmentation for Coca-Cola company. Coca-Cola targets different occasions that are celebrated in the UK, which including wedding, national festivals, birthdays etc.[29].

For example, “Christmas Celebration Bottle Bow”, which was an interesting design that allowed customers to transform labels on the bottle into a festive bow as shown in fig 6, was mainly designed and introduced by Coca-Cola company for Christmas, has attracted more customers’ eye and helped Coca-Cola earn high margin[29].

5. Innovation Activities

Innovation in a business refers to the process for introducing new ideas, methodologies, workflows, products or service to create the value for the business or meet the new or existing requirement of customers or markets[30].

5.1. Product Innovation

5.1.1. New Product Lines

In order to meet the changing needs and preferences of today’s consumers, Coca-Cola company introduced lots of new product lines in 2019, which including brought Coca-Cola brand into energy drink market, expanded Simply beverages brand into smoothie segment and moved Honest tea brand into the coffee category[31].

**Coca-Cola energy**

Coca-Cola’s energy drink was released in October and went on sale in January 2020, which are cola-flavored and contain caffeine, B vitamins and guarana, of which the amount of caffeine is 114 milligrams per 12 ounces[32]. The variety of the energy drink includes original, cherry, zero-sugar original and zero-sugar cherry as shown in fig 7, which can meet the demands of people who under the great pressure of life and work, hoping to be full of spirit and energy[32].

**Simply smoothie**

Simply smoothie is a new line under Simply beverage brand, which is chilled, ready-to-drink 100% real fruit smoothies in mango pineapple, strawberry banana and orchard berry varieties as shown in fig 8 [33]. Each smoothie contains 130 to 140 calories per 8-conce serving and are available in multi-serve 32-ounce bottles and single-serve 11.5-ounce bottles[33].

![Fig 6. Christmas Celebration Bottle Bow](image)

![Fig 7. Coca-Cola energy beverages](image)

![Fig 8. Three varieties of Simply smoothie](image)
Honest cold brew coffee
Honest cold brew coffee is a new product line under Coca-Cola’s Honest tea brand, which is organic, contains no dairy and 50% less sugar than the leading sweetened ready-to-drink (RTD) coffee[34]. Honest cold brewed coffee comes in unsweetened black, slightly sweet Cuban and mocha these three flavors with all in 11-ounce, recyclable glass bottles as shown in fig 9 [34]. The product line aimed to provide the healthy drink for customers, which are suitable for youth, adults and all-family who love coffee and want a healthy lifestyle.

Coca-Cola's innovative products have helped it successfully expand into different markets and occupy a larger market share. In addition, energy supplement, 100% fruit, less sugar, organic and other health-oriented ideas attract more customers and further gain them loyalty.

5.1.2. New Packaging Material
Plastic pollution has become one of the most serious problems of the 21st century, with plastic waste almost everywhere[35]. In order to reduce the damage to the environment, Coca-Cola company introduced innovative completely recyclable paperboard KeelClip™ to replace all plastic packaging from all can multi-packs. The new technology consists of a top plate that the cans clip into and a center board “keel”, which can help coke fix well and reduce the use of paper as shown in fig 10[35].

This innovation undoubtedly brought a lot of benefits to the Coca-Cola company. On the one hand, paper recyclable materials are easy to handle and cost less, which will save the company a lot of money. On the other hand, Coca-Cola's environmental behavior helps the company establish a positive brand image and consolidate its market position.

5.2. Service Innovation
5.2.1. Vending Machine
One of Coca-Cola's service innovations is the integration of advanced artificial intelligence technology into its vending machine network to provide customers with a more convenient and unique purchase experience[36]. Coca-Cola’s lovers can use their smartphones to access loyalty scheme in a vending machine, collecting points from each purchase by downloading the Coke On app and connecting it to the machine. All the collected points can be exchanged for future purchases from the same machine[36].

The innovative vending machine brought Coca-Cola a series of benefits. On the one hand, by analyzing customers purchasing behaviors and frequency, Coca-Cola company can use vending machines to promote suitable products for the specific area, which can improve marketing efficiency and accuracy as well as increase the sales revenue[36]. On the other hand, the accumulation and exchange of points helps customers save a lot of money on future purchases, which in turn helps Coca-Cola to grab more customers from competitors and gain customers’ long-term loyalty[36].

6. Resources Allocation
Resources are the assets that a business have, including financial resources, physical resources, human resources and technological resources, which will contribute to the company’s long-term success and competitive advantage[37].

6.1. Diet Coke Segment
The pursuit of a healthy lifestyle has led to the sugar-free, calorie-free diet coke becoming Coca-Cola's most successful and best-selling product recently, which reflects in £10.9m sales revenue in one week[38]. The performance makes Coca-Cola company more confident and thus invested a large amount of money into the production and marketing activities of Diet coke, of which the budget in advertising alone is up to £10 million pounds in 2018, which is the largest in Coca-Cola's product advertising[40].

6.2. KeelClip™
Coca-Cola company work with Coca‑Cola HBC and European Partners, developed the new packaging KeelClip™, which will be the most meaningful and greatest innovation in Coca-Cola company as it can help the company to save 3,000tonnes of CO2 and 2,000tonnes of plastic annually[35]. Coca-Cola invested $16.54 million totally for the production line. In addition, it intends to invest extra money to add a new can line and KeelClip™ packaging machines in other factories[35].

6.3. Financial Planning Model
Coca-Cola's top managers are using financial planning model, which is a tool used by companies to create, implement, and evaluate short and long-term objectives[39]. It allows managers to use internal, external financial information and some relevant market data to decide business strategy, which can help Coca-Cola prioritize important initiatives, allocate resources to each department accurately and effectively and avoid risky debt[39]. For example, Coca-Cola company has a diversified portfolio and owns a variety of soft drink segments, by analyzing the financial status and sale data in the market, it can determine the section that need invest more budget and other resources, such as Diet coke and
Coca-Cola has expanded its products into many areas and achieved good performance, such as tea, coffee, and juice. Therefore, it is a good opportunity for Coca-Cola to further expand its product line into different markets based on brand awareness and existing performance, such as health and food, which can make company more diversify and capture larger market share.

In addition, Coca-Cola company mainly targets young people from 18 to 35. According to Statista[41], ages from 50 to 54 are also a large population in the UK, with about 4.67 million people in 2018. Thus, Coca-Cola can target the group and introduce specific products, which can gain more customers and increase sales revenue.

7. Conclusion

External environment has an important influence on the development of Coca-Cola’s marketing strategy, which including the policy of sugar levy, increasing VAT rate and advanced technology in the UK as well as the pressure from competitors in the soft drink industry and substitutes from other sectors. Coca-Cola company divides the market into segments and provides the right products for each segmentation, which including provides Coca-Cola range with multiple tastes for its main targeting age group 18-35. Moreover, based on different family size, Coca-Cola offers different size of bottles. In order to target different income groups, Coca-Cola designs three different bottle with different cost, which are non-returnable bottle, returnable glass bottle and coke tin. For health-conscious customers, Coca-Cola offers sugar and calorie free drinks that are diet coke for female and coke zero for men. What is more, Coca-Cola also target occasions in the UK, such as “Christmas Celebration Bottle Bow”. Coca-Cola’s innovation based on customers demand and reference. It introduced new products line to offer the healthy drink for customers, including Coca-Cola energy, Simply smoothie and Honest cold brew coffee. Moreover, it developed new packaging KeelClip™ for products to reduce the damage for environment. In order to provide customers with a better purchase experience, Coca-Cola innovated the vending machine by adding the loyalty scheme. For the resource allocation, Coca-Cola uses financial planning model to determine the money and other resources that should be allocated to each project, it invested lots of money into Diet coke and new packaging technology.

8. Recommendation

Coca-Cola has expanded its products into many areas and achieved good performance, such as tea, coffee, and juice. Therefore, it is a good opportunity for Coca-Cola to further expand its product line into different markets based on brand awareness and existing performance, such as health and food, which can make company more diversify and capture larger market share.

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