

Coca-Cola Alternative Strategy for Changing Customer Preferences

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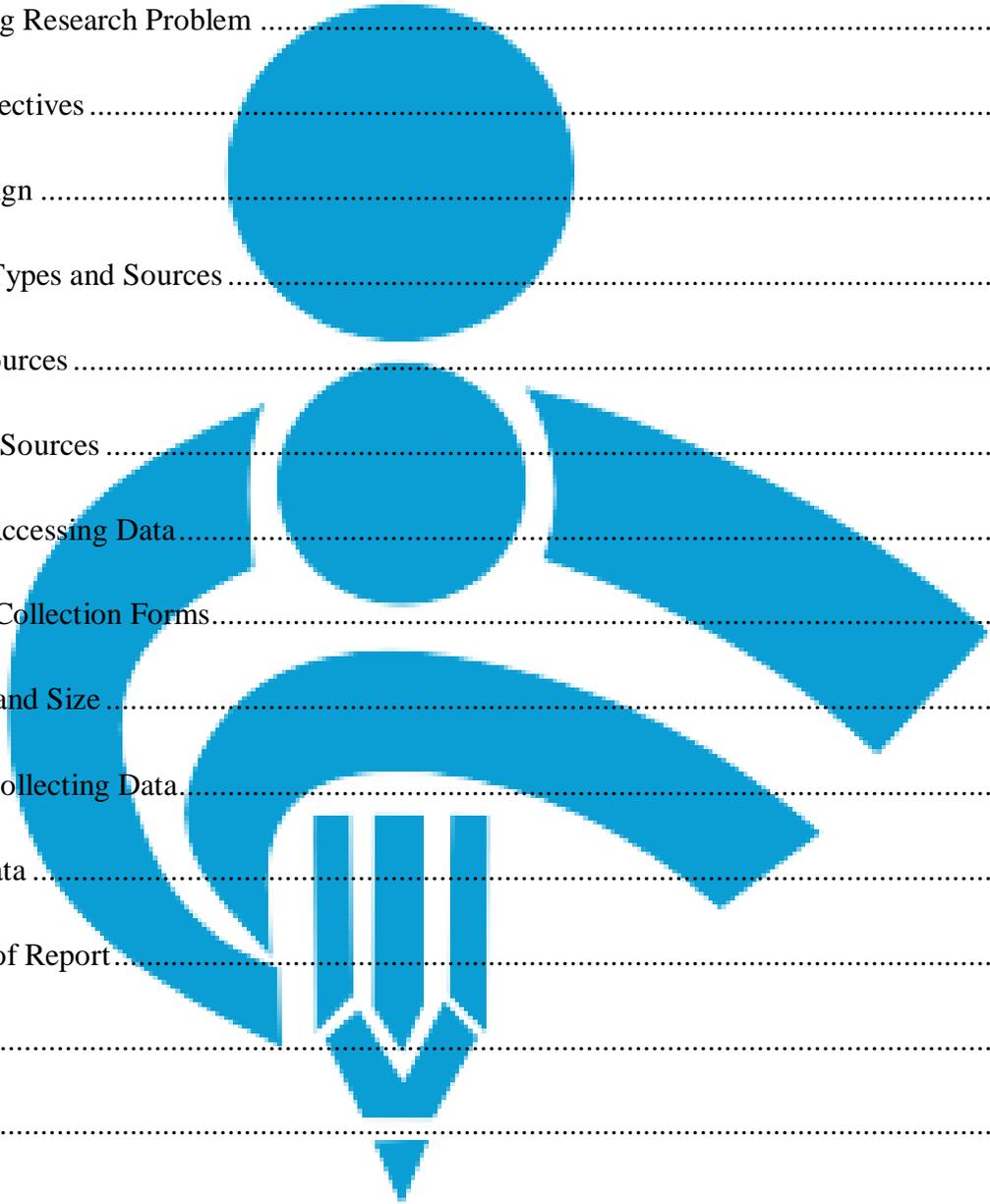
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Coca-Cola Alternative Strategy for Changing Customer Preferences

Introduction

The biggest manufacturers of all industries, the soft drink manufacturers have been facing heavy criticism all over the world on its impact on health and its role in obesity. Soda taxes have been instrumental in fighting the obesity in the US and many other countries. Any further steps taken in this regard will only have a negative impact on the soft drink companies. The impact of the taxation on the revenue of the soft drink company is dependent on many factors, including the consumer preference towards it, the amount of tax, and the diversification of the product lines of the company. Governments around the world had been trying to convince their citizens of consuming less soda by making it more expensive or difficult to get their sugar-caffeine fix. It has led the soda giants to change their soda products and diversify their portfolio into drinks other than high-sugar drinks. For decades, it has been told to the world that things go better with Coke. However, the world has seemingly decided against it. The consumers have become aware of what is better for them and what is not. Sugar is one of these things which have led the world decided against it. It is also reflected in the revenue stream of the Coca-Cola Company, whose deteriorating finances are evident. Coca-Cola now needs to find its way around it (Gertner & Rifkin, 2017).

The Need for Marketing Research

The company Coca-Cola has seen slumped profits for the last few years. Revenue of Coca-Cola was down by 13% for the last five years, and the profit has declined by 28%. The company is facing difficult times. The Coke USA has slashed over 100,000 jobs, and has also changed its chief executives. All over the world, Coca-Cola is approaching cost-cutting of its operations and franchises to keep up with the lower demand for the soft drink (Wolff, 2008). The

Australian and South African business has been witnessing decline as well. Furthermore, the company is also facing heavy levies on the drink which has to be borne by the consumer causing its demand to decline further. The closure of the South Australian plant and the franchises which are not very profitable shows that there is a need for finding out ways of coping with this problem. The concerns about obesity, and the role of Coke in it, and the alternative ways of diversifying the portfolio are to be considered in the research (Jacobson & Brownell, 2000). Coca-Cola is needed to add new flavors, and reduce its can sizes and diversify into other product lines and market. It calls for research in areas which can be potentially fruitful for the company and avoiding the ones which can be the opposite.

The Marketing Research Problem

The marketing research problem which is considered in this;

The Coca-Cola Company has been facing deteriorating revenues because of the changing customer preferences; what should be its strategy not only to dilute the reputation of being an unhealthy drink but also find options for diversification of its product portfolio

Research Objectives

The most important step of any market research process is the definition of the goals and objectives of the market research. It shows that the identification of the root question which would be answered as the result of the research conducted is important to be accurate. There is always a key business challenge or opportunity which is needed to be acted upon, and there is a need for researching it. It leads to provide the business with the solid information by which the business can make an informed decision.

The clear understanding of the business problem would lead to more focused and effective research. As reflected earlier, the research problem in our report is that Coca-Cola needs to find

an alternative for coping with the changing customer preference and identify new segments for the diversification of the product portfolio. The main problem is the decline in demand for the soft drinks. The whole soft drink industry is facing this challenge. Every organization in the industry is finding its way to cope with this challenge. The change in consumer preference has led to this challenge. Coca-Cola needs to find its way as well. The research objectives are therefore shown as;

1. Determining the alternatives for coping with the changing customer preferences.
2. Finding out the best strategy for diluting the reputation of being an unhealthy drink.
3. Identifying potential market segments for successful diversification of the product portfolio.

Research design

The research design used for this project is the exploratory type of research. In this type of research, the method of research is quite informal, and the research is conducted in order to gain background information or data on the research problem. It is a systematic and very flexible research design which consists of evaluating the secondary sources of information and surveys for information on the research topic.

Information Types and Sources

For this research, the objective reflects upon the type of data that is needed to be collected. Research objective shows that Coca-Cola needs to find out an alternative strategy for the coping of its changing customer preferences. For finding out the answer to the questions raised in this research objective. For the collection of data for this research, the information needed is related to the changing customer preferences. We need to analyze and collect data on what the customer prefers and what would be the alternative way of satisfying the changing

customer preferences. For this, the survey can be conducted for yielding primary sourced information. On the other hand, secondary data can be collected as well for finding out which strategy would be appropriate for diluting their reputation of being an unhealthy drink. Furthermore, the identification of the market segments for product portfolio diversification is also needed to be done via the secondary sources.

Primary Sources

The primary source of the data collected for this research would be yielded from the survey conducted on the sample customer group. The primary data source is the source of data which gives the direct and firsthand evidence in any event, object or person. The primary sources of data include the original material which is collected solely for research purpose and provides the researchers the ability to get firsthand experience on the actual happenings regarding the specific period or event. The survey is going to be conducted for this purpose.

Secondary Sources

The secondary sources of data are the ones in which primary information is discussed, analyzed, evaluated, interpreted, and processed. The secondary source of data is usually one or more steps removed from the actual event or time of the happening. The secondary sources are often lacking the freshness and originality of the material. Articles from journals and news magazines, books of scholars and analysis of analysts are going to be analyzed.

Methods of Accessing Data

For the assessment of the data, the method depends on the nature of the data source. For the secondary data, the data are assessed through analysis and qualitative evaluation. The secondary data on the issue is analyzed based on the analytical skills of the researcher and the quality of the secondary data. For the assessment of the primary data, the method can be

statistically. The survey form would be designed to yield information that can be statistically used and interpreted.

Design Data Collection Forms

For the collection of the data, the survey would be used. The survey would be posted on the online forum on Google forms and links would be provided to the customer sample group. The data needed for the collection of the required information would show what kind of survey is going to be designed. The survey questions are going to be Likert scale questions. The results of the Likert scale questions would yield information which can be used for statistical calculations and further for statistical interpretation.

The collection forms would have not more than 20 questions, and the Likert scale questions would provide information on the changing customer preferences, a new market segment for portfolio diversification, and ways for diluting the reputation of the company as being an unhealthy drink.

The results of the survey would show the information on which customer preferences can be adopted by the company to diversify into new market segments, and the company can also look for suggestions on how to dilute their reputation of being an unhealthy drink.

Sample Plan and Size

The sample of the survey is going to be the customers and potential customers, which will visit the website and Facebook page of Coca-Cola. The company would collect the primary data by installing the survey in the pop-up window which would pop on entrance into the website or Facebook page. The visitors to the website and Facebook page are expected to be potential or existing coca cola customers; therefore, the sample would be based on these visitors. The sample would collect 100 answers to the survey of 100 visitors to the website and Facebook page.

Methods of Collecting Data

The collection of data is going to be done through the survey form for primary data and from online mediums for secondary data. The collection forms would have not more than 20 questions. The Likert scale questions would be used for providing information on the changing customer preferences, a new market segment for product portfolio diversification, and modes for diluting the name of the company as being an unhealthy drink.

The results of the survey would show the data on which customer liking can be adopted by the company to diversify into the market segments. Furthermore, the company can also look for ideas on how to reduce their reputation of being an unhealthy drink.

For the secondary data, the data is evaluated through analysis and qualitative assessment. The secondary data on the issue is examined based on the analytical skills of the researcher and the worth of the secondary data. Articles from journals and news magazines, books of scholars and analysis of analysts are going to be analyzed.

Analyzing Data

It has been found that for the analysis of the primary data, the researchers would depend on the statistical data interpretation tools for the analysis of the data. The analysis would be done regarding the answers provided in the Likert scale questions. For better interpretation and meaningful analysis, the Likert scale questions are needed to be developed as to provide a non-ambiguous and meaningful interpretation (Ramakrishnan, 2017).

The secondary data, on the other hand, can be analyzed. Statistics show that the American has consumed 11 gallons of caloric carbonated drinks every year from 1954 to 2000. By 2000, this figure increased three times more to 30 gallons on an annual basis. It shows that by the start of the 21st century the single largest source of the calories in the American diet had been

the cola drinks (Harnack, Stang, & Story, 1999). It showed how much money had Coke earned during these years. However, with the increase in the richness of the company, the health of the nation declined. When Coca-Cola changed its sweetener to cheaper fructose in 1984, the 15% obese population increased to 34% in twenty years. It is evident that Coke has played a major role in this obesity (Elmore, 2014). Over the last few years, the Americans and other countries have started on dumping the soft drinks for cutting their fat content in the body. The decline in the sugar-drinks declined in the 10 years from 2004 to 2014 to more than 20% (Robertson, 2017).

It has caused coke to look for the countries which can consume their products. It is absurd to think that Coca-Cola would change its full-calorie brands to healthy options and therefore, it had looked into other countries which are currently unaware of the impact of consumption of Coke. It includes countries like India, African and Eurasian markets. Even though this is a hard solution to abandon the sales of full-calorie drinks completely, Coca-Cola can work on lowering its revenue dependency on this product line (Ludwig & Nestle, 2008).

Coca-Cola is a company which has survived over generations of change, and thus it can be said that it can evolve and adapt to the changes in the consumer's preferences. The pace of change currently could never have been faster. Exactly how much change can Coca-Cola tolerate is still a mystery. However, the companies which change with the environment are the ones who survive. In 1983, the introduction of the Diet Coke was considered one of the main shifts in the company. Today, the company needs to make more moves like the changing of the company's product portfolio as per the changing customer preferences. The company has considered it as their "Our Way Forward" which shows how it is evolving with the rapid changes in the

consumer tastes making themselves relevant in their lives and remains agile in a constantly changing environment (Taylor, 2016).

The company can advertise aggressively on their steps were taken for reducing their sugar level in the drinks. The company has removed about 960,000 tons of sugar from their Western Europe portfolio. It is about 384 billion calories. It is also represented by saying that Coca-Cola has reduced the average calories per liter by 12%. The recipe of the product is changed, and the calories for Fanta and Sprite are also being lowered.

Other than reducing the calories of full-calorie products, another alternative is to introduce zero-sugar products which include Coca-Cola zero, etc. The company has introduced 231 lower or zero sugar products in Western Europe and has diversified the portfolio by giving 375 no-sugar and low-sugar options.

Furthermore, another alternative for the diluting of the unhealthy reputation of the company is to increase its investment in the research and association for lowering of the added sugars in the food. The company has committed to reducing its sugar level in the soft drinks by 2020 by 10% (Curtis, 2017).

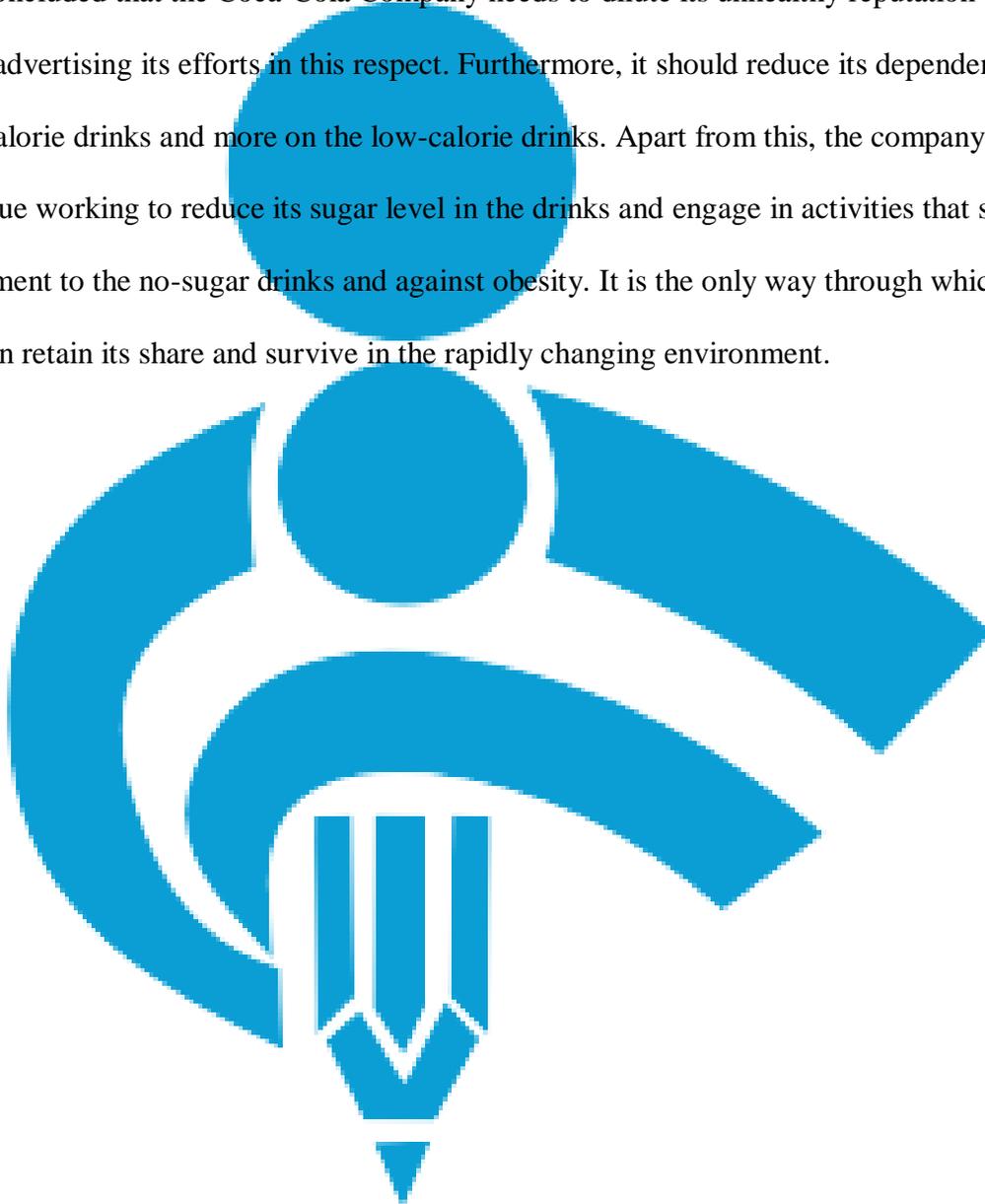
Presentation of Report

The report should be presented in a graphical and presentation form to the concerned authorities for better use of the information researched. Before this, the report should be presented to the instructor of the course for better guidance. In case, any changes are required, some parts of the reports can be changed accordingly. The presentation of the report should be impressive. It means that the message should be easily communicated to the audience through the use of graphics, graphs, and tables. It will not only make the presentation more illustrative,

but also more engaging. The more engaging the presentation is, the more responsive the concerned audience would be.

Conclusion

It is concluded that the Coca-Cola Company needs to dilute its unhealthy reputation by aggressively advertising its efforts in this respect. Furthermore, it should reduce its dependence on the high-calorie drinks and more on the low-calorie drinks. Apart from this, the company should continue working to reduce its sugar level in the drinks and engage in activities that show their commitment to the no-sugar drinks and against obesity. It is the only way through which Coca-Cola can retain its share and survive in the rapidly changing environment.



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