

Analysis of Coca-Cola's marketing strategies in China

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Abstract. On May 8, 1886, Dr. John Pemberton combined carbonated water with soda water to create a black syrup. This drink became known as Coca-Cola, and it later became a well-known beverage company. In a relatively short period of time, the Coca-Cola brand has grown rapidly as the leading beverage maker. The marketing strategy employed by Coca-Cola is therefore examined in this paper in terms of the type of advertising used and the psychological effect it has on consumers. Finally, the study identifies the benefits and drawbacks of Coca-Cola's use of this marketing strategy as well as the opportunities for improvement.

Keywords: Coca-Cola; Marketing Strategy; Advertising; social media; Consumer psychology; and behaviors.

1. Introduction

Marketing strategy is a marketing approach based on the customer as a starting point, established according to the company's short and long-term goals, and is a functional strategy of the company's strategy and the key to its strategic management system[1]. In a very competitive market, companies should develop appropriate marketing strategies by researching the market to make their products more relevant to the needs of customers, which in turn makes sales grow and generates greater economic benefits so that the company's goods meet the requirements of customers and thus bring more benefits [2]. Research on the market should be conducted to understand the content of basic market information such as potential users and product preferences of the company in the early stage, followed by the development of scientific and reasonable marketing strategies and specific guidance manufacturing, coordination with the customer of a variety of contact, to eventually fulfill the enterprise's economic advantages and customer's usage value[3]. A good marketing strategy can help the enterprise out of a difficult situation, if the enterprise is not because of poor business, but because the product is stagnant can not open the market, can not find and solve the problem, this time can reflect the importance of marketing [4-7]. In terms of economic and urban growth, it is inconceivable to disregard the importance of a marketing strategy focused on people. In today's world of numerous products and many purchasing channels, corporations are focusing their efforts on emotional marketing to attract new consumers, retain existing ones, and increase customer loyalty [8].

Many companies have already used marketing strategies to boost the demand for their products and increase their brand awareness. For example, Lush mainly relies on its brand value to increase awareness and attract customers [9]. Animal welfare, fair trade, and ethical consumption are central tenets. It uses natural social influencers to promote the brand through a zero-ad spending strategy, focusing on material related to topics that are important to the company and its target audience [10]. Therefore, it is easy to understand why it attracts an avid following among young people.

The Coca-Cola Corporation has a 48% share of the worldwide beverage market, making it the largest company in the world. The fact that Coca-Cola has just appeared on Fortune magazine's Global 500 list shows how dominant the firm has grown to be in the beverage sector. However, Coca-Cola wasn't available outside of pharmacies until 1886, and the company's abrupt shift in market dominance drew my eye [11]. In terms of marketing strategy, this study tends to a brief analysis of the mass impact of two dimensions of advertising: social media and consumer psychology and behavior. This paper focuses on arguing Coca-Cola's marketing strategy in China and attempts to tell how it made a huge impact and achieved significant success in the Chinese market. It will improve our understanding of how a company operates successfully and guide us in learning its methods.

2. Firm description

Daily, the Coca-Cola Company distributes about 1.9 billion beverages to over 200 countries. The global distribution of beverages is supported by over 700,000 Coca-Cola employees and 225 bottling partners. More than two hundred brands and thousands of beverages are added to its inventory, including soft drinks, water, coffee, and tea. With over 700,000 people in enterprises and bottling partners throughout the globe, Coca-Cola's workforce is as varied as the community. Numerous local bottlers collaborate with Coca-Cola to provide Coca-Cola-branded drinks worldwide. More than 225 bottling partners and 900 bottling facilities comprise the Coca-Cola system, enabling Coca-Cola to distribute beverages worldwide [11].

With a market capitalization of \$102 billion, Coca-Cola has the biggest market share in the beverage business, well above the industry average of US\$75 billion. Its earnings growth has also outpaced the industry average. However, from 2005 to 2009, the return on investment fell year after year. Despite this, the new leadership and management team were able to enhance performance, as indicated by the third-quarter 2009 financial results and the resulting increase in earnings per share [12].

According to statistics, Coca-Cola's main business in 2021 mainly consists of 34% North American market, 19% bottling investment, 12% Asia Pacific, etc., which generate revenue of 13.184 billion, 7.194 billion, and 4.682 billion respectively for the company. It can be seen that the sales volume in North America is great, the demand and supply reach parity, and the market share in the first place, in the mainstream of the total business. In contrast, in the Asia-Pacific region, Latin America's demand has not reached saturation, the market is vast demand and low sales volume, so the expansion of the Asia-Pacific market can play a decisive role in the improvement of total business income; at the same time, bottling investment to generate operating income also occupies An important proportion of the bottling innovation potential can be seen, and in the Q1 2022 earnings report of the bottled products investment division net revenue growth of 8% year-on-year.

According to The Coca-Cola Company's most recent quarterly report, published on April 26, 2022, the company has achieved great progress. Coca-Cola's net income climbed by 16%, its global unit case volume by 8%, and its operating income by 25%. Compared to last year, Coca-Cola's operating margin grew by 2.3% to 32.5%.

3. Marketing strategy analysis

Advertising is an integral aspect of Coca-marketing Cola's strategy. Coca-Cola has enhanced product awareness through advertising, consequently improving the public's readiness to purchase. Advertising also plays an important role in building and maintaining a strong brand image. Since entering the Chinese market, Coca-Cola has used a distinctly American style to attract and impress Chinese customers. Coca-Cola's advertising campaigns used a variation of the American television commercial with Chinese narration for more than a decade, beginning in the early 1980s and continuing until 1998. In 1999, Coca-Cola's marketing approach was significantly altered in response to the fast growth of the beverage industry in China. It chose to film its first television commercial in China and hired a Chinese advertising agency to conceptualize and produce it, followed by Coca-Cola's departure from the traditional American cultural route it has taken over the years and its choice to recruit Chinese actors to participate in the filming [13]. Coca-Cola is making great efforts to implement a localized marketing strategy in China to increase its market share and attract more Chinese consumers.

The emotional component of decision-making expresses the psychology of consumers' respect for authority in the form of purchasing significantly more than the intellectual component. This respect for authority often leads to customers' irrational selection of things consumed by the authority and personifies the object of consumption, so reaching the popularity of the product. Coca-Cola uses the celebrity effect as a marketing approach to promoting brand trust and consumer loyalty. Coca-Cola employed famous individuals from Hong Kong, Taiwan, and mainland China to promote its brand.

China's television stations aired the "Live Up" series of advertisements using the Chinese national soccer team's "never give up, always go for it" attitude in 2001. The "Live Up" series of advertisements aired on Chinese television networks. The involvement of soccer superstar Yang Chen exemplified the tenacious spirit of the Chinese national team. Before the commencement of the World Cup, the coach of China's men's soccer team, Li Tie, appeared in a Coca-Cola advertisement clutching a glass bottle full of "countryside." The slogan "wherever is home" cleverly combines Coca-Cola's brand personality with the spirit of the Chinese team. From the standpoint of the observer, this boosts the feeling of enjoyment that Coca-Cola provides.

4. SWOT analysis

A SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis is a framework used to analyze a company's competitive position and formulate strategic plans. The analysis SWOT assesses internal and external factors as well as current and likely future circumstances. The purpose of a SWOT analysis is to give a realistic, fact-based, and data-driven knowledge of an organization, program, or industry's strengths and weaknesses. Companies need to conduct an accurate analysis by eliminating preconceived notions and grey areas and focusing on the real environment. Businesses should use this as a guide[15].

4.1 Strengths

4.1.1 brand image

Coca-Cola has a strong brand image. Despite the fact that Coca-Cola products are constantly being innovated and updated, its iconic logo, with its classic red and white color scheme, remains unchanged, conveying the corporate image and spirit of drive, positivity, and enthusiasm, and its red elements are even combined with Chinese red, thus resonating with consumers of all ages in Mainland China. Coca-Cola and Pepsi continue to be the two dominant companies in the beverage business. Nevertheless, Coca-Cola continues to be the undisputed leader at the top of the list. PepsiCo and Coca-Cola continue to strive for a larger market share, although Coca-Cola holds the advantage in this respect. Subsequently, Coca-Cola should invest more of its vast financial resources in driving its marketing approach and product innovation, including the continuous upgrading of its exterior packaging, which will result in a continual gain in market share.

4.1.2 Large organization

Coca-Cola has a robust distribution network, as it distributes in more than 200 countries, sells more than 1.9 billion servings of its beverages daily, and has introduced more than 500 new products globally.

4.1.3 Customer loyalty

Coca-Cola has strong consumer loyalty, as many consumers consider themselves Coca-Cola devotees and refuse to drink other brands. Coca-Cola is one of the most emotional brands in the United States. This renowned brand is associated with "happy" and therefore enjoys high consumer loyalty. Customers immediately recognize the special taste of Coca-Cola and find it difficult to find a suitable substitute. Coca-Cola and PepsiCo are the only two largest soft drink businesses in the beverage sector, and they dominate the market, however, Coca-Cola has a greater market share.

4.2 Weaknesses

4.2.2 Lack of diversification

Coca-Cola products are less diverse. Pepsi has introduced several snacks and garments under its name, whereas Coca-Cola has mainly focused on soft drinks and thus lags relatively behind in this market category, giving Pepsi a greater reach than Coca-Cola.

4.2.3 Stereotype

It is difficult for customers to dispel the stereotype that Coca-Cola is a high-sugar carbonated beverage with little to no benefits for the human body. In the perceptions of customers, Coke's caffeine and high sugar content make it susceptible to health concerns such as obesity.

4.3 Opportunities

Through the launch of new goods, Coca-Cola may expand its market share. Similar to PepsiCo, Coca-Cola may provide more products with healthy ingredients, such as more natural ingredients, fewer chemical additives, and the use of Paraguayan tea extract in place of conventional artificial caffeine. This would result in a quality improvement, which might boost the company's revenue and product offerings.

4.4 Threats

Although Coca-Cola's direct rivalry with Pepsi is obvious on the market, there are a large number of indirect competitors. Coca-Cola has indirect competition in Starbucks, Coffee World, Purefruit Fun, Lipton Juice, and Nescafe, which might challenge its market leadership.

Based on the above study, we offer prospective Coca-Cola advancements. Coca-Cola should perform more in-depth scientific study and manufacture nutritionally dense and healthful goods. Concurrently, it should build as soon as feasible an official release platform for industry information and a popularization platform for nutrition and food safety science in order to dispel numerous myths and misleading information. More media coverage and dissemination of relevant beverage and nutritional information to encourage the whole industry and society to develop a real understanding of the science to better guide consumers, which will help the development of the industry and the industry, but also benefit the nutritional health of the majority of consumers.

5. Conclusion

Changes in enterprise systems must be aligned with market development patterns. When change is proposed, a company may need to transform, and when trade-offs are proposed, a company may need to coordinate in order to be called qualified and potentially make an impression in the marketplace. The Coca-Cola Company has a great capacity to expand, so it must adapt from start to finish while retaining its spirit of the invention. They were able to go further than others because they innovated, developed, and generated innovative ideas in their own unique way. Obviously, there is a lot of commercial interest in this. That being the case, they no longer need to focus on these issues, because all businesses face the same obstacles. We must learn ways to control this problem. This facilitates the integration and expansion of the entire economic and market system.

In our society, where everyone has their own tastes, we are always surrounded by many things, such as buying a house, getting married, having children, dressing and eating. What do we use to make decisions? A great deal of the advertising we see every day is driven by intuition, celebrity effects, and commercial influence. In an ever-changing business environment, individuals are more exposed to products, sales techniques, and marketing strategies and are even starting to develop antibodies. As a marketer, how can you make your ideas and products stand out in this environment? How do you differentiate your ideas and products so that they are products that consumers like? The impact of behavioral and related sciences on human nature and related issues, with a focus on how and why people make choices.

The ultimate goal of marketing is to convince customers to buy a company's goods and services. What can we deduce from the evolving behavioral sciences to better guide the business of marketing and expand and strengthen our impact on customers? In reality, marketing requires little in the way of sophisticated strategies; it is all about appealing to human desires. By leveraging this part of human nature, you may be able to capture the attention of your marketing and increase its efficacy. Human development has predetermined several cognitive shortcuts for the brain and masked many cognitive

biases. We will demonstrate a revolutionary marketing technique that influences customers unknowingly by blending science and human nature. Influence is clearly not a "technology". In the current age of information explosion, marketing provides consumers with more filterable information so that they can make decisions that make them feel good, which is a win-win situation for both the company and the customer.

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