

# Analysis of Coca-Cola Company's Marketing Model

Mengze Xiang

**Abstract**—The business world has undergone several modifications, implicating organizations to strategize their marketing strategies. The implementation of excellent marketing models is one of the plans to survive the competition and emerge successfully. A marketing model plays a fundamental part in the formulation and implementation of marketing strategies in various organizations, while provides a framework facilitating a business entity to compare its progress with rivals and plan future development strategies. In this investigation, the author will examine the marketing model of the Coca-Cola Company. Be founded in 1886, the multinational beverage organization has developed to become of the largest brands in the world because of its marketing model. The investigator used the mixed-method approach to conduct the study. A cross-sectional descriptive analysis was also used to analyse the collected data. Data archives, databases, and research articles were the primary sources of the study information. The survey acquired more information about the company by searching its website and company publications. The study concluded that the STP model plays a critical role in the sales and expansion efforts of the Coca-Cola Company. The marketing models also expose the company to challenges such as time-consuming, expensive, and marginalization of other parts of the population, which can lower the sales and profits of the company.

**Index Terms**—Coca-Cola, marketing model, marketing, brand, beverages.

## I. INTRODUCTION

A marketing model is a logical instrument that organizations use to structure and communicate a strategy [1]. Business entities formulate marketing models objectifying to develop a long-term, future-focused approach seeking to sustainably outdo its rivals in the market [2]. The initiative plays a pivotal role in ensuring business firms increase their sales in the ever-changing competitive market. The model also enables organizations to establish and reach the needs and expectations of the business clientele [3]. The essential points considered when formulating a marketing model include the short and long-term objectives of an organization, market analysis, and a SWOT analysis [1].

Successful business organizational have triumphed because of using excellent marketing models. Coca-Cola Company is one of the organizations and one of the most successful beverage manufacturers in the global market. Dr. Pemberton founded the beverage conglomerate in 1886 after creating a carbonated syrup for testing for human consumption (Coca-Cola, n.d). Coca-Cola Company launched its first bottling plant in 1894 (Coca-Cola, n.d),

and since then, the company has primarily prioritized to expand and increase its profitability margins. Its most significant competitor in the global beverage market is PepsiCo. In the recent years, there has been a change in actions where most investors have intensely scrutinized the company's marketing program. The investigator sought to establish Coca-Cola's marketing model and its influence on the sales and expansion of the company. The study also objectifies to suggest adjustments to the model to resolve the possible problems in the present and future market and competition. To fulfil these study objectives, the researcher formulated the following four questions to guide the study:

- 1) The marketing model of the Coca-Cola Company?
- 2) The influence of the Coca-Cola Company's marketing model on the conglomerate's sales and expansion efforts?
- 3) The challenges that the company faces because of using its marketing model?
- 4) Recommendations should the company make to compete favorably in the future and to avoid the current challenges?

## II. THE MARKETING MODEL OF COCA-COLA INCORPORATION

Coca-Cola uses the segmentation, targeting, and positing (STP) marketing model when designing its marketing strategies. The model is an excellent instrument in studying customers [4]. Coca-Cola Incorporation uses the marketing model to analyse the market and understand its business by analyzing the competition, corporate partners, and the entire firm (Coca-Cola, n.d). The company also creates value by segmenting (product), targeting (place), and positioning (promotion) its products to capture value through better pricing strategies. The initiative enables the company to acquire and retain customers, thus maintaining high profitability margins [5].

### A. First and Second Steps of Coca-Cola Company's STP Process

Coca-Cola Company's STP process entails five steps. The first and second steps are the identification of the company's marketing objectives and segmentation methods (segmentation). The goals of Coca-Cola's marketing strategy are to increase the volume of its beverage sales in a mature industry (Coca-Cola, n.d), thus researching to identify its consumers and the benefits the consumer seeks from consuming company products. Therefore, segmentation is the technique of dividing a marketplace into portions of potential customers who have similar wants and features with a likelihood of portraying the same buying behaviour [6].

Coca-Cola Company uses demographics, type of product,

place of consumption, and geographical location criteria when segmenting its market (Coca-Cola, n.d). The company considers demographic variables such as age, sex, income levels, religion, and profession when designing its marketing strategy using the STP model. The company also segments a market on the type of Coca-Cola product the consumers often purchase, dividing the market into Cola and non-Cola product markets. Cola products make up a large portion of the Coca-Cola market, but the sales of non-Cola products have undergone a rapid increase in the recent past. The company also segments its market through the places where people consume its products such as cinemas, restaurants, homes, and railway stations. The company has also divided its market into large geographical blocks such as the North American and the Asian parts, where it formulates marketing strategies focusing on each segment. The Table I below shows the major market segments of Coca-Cola Company.

TABLE I: MAJOR MARKET SEGMENTS OF COCA-COLA

Market segment	Consumer population	Retail Value (in billion dollars)
North America	360 million	300
Latin America	650 million	90
Europe, Middle East and Africa	2.2 billion	260
Asia Pacific	4.5 billion	350

(Data acquired from Coca-Cola Company website)

**B. Third and Fourth Stages of Coca-Cola Company's STP Process**

The third and fourth stages are the evaluation of the attractiveness of a market segment and the identification of the target market (targeting). Coca-Cola Company assesses the attractiveness of a section by identifying the segment's substantiality, reachability, profitability, and responsiveness (Coca-Cola, n.d). The company makes a portion identifiable through establishing its consumers and the uniqueness of a marketing segment. Substantiality focuses on the size of the section where the marketing efforts should critically reach all the consumers in the sector. Reachability entails the volume of Coca-Cola's possible customers who know the beverages exist, their capabilities, and the means of purchasing them. The responsiveness part of targeting involves the positive reactions of the consumers towards Coca-Cola's products and value proposition.

The primary and secondary markets of the Coca-Cola Company are younger people (10-25 years) and the earlier adults (25-40 years) (Coca-Cola, n.d).

TABLE II: COCA-COLA COMPANY CONSUMER DISTRIBUTION BASED ON AGE IN THE US IN 2018

Age (in years)	Share of respondents (in percentages)
18-29	57.44
30-49	67.18
50-64	59.26

The company targets its consumers through undifferentiated, differentiated, and concentrated techniques [7]. Coca-Cola uses the undifferentiated marketing methodology when targeting a broad market. For instance,

the Latin American segment through the Bamboocha advertisement where the company sponsored the 2014 world cup tournament. All South Africans could know about Coca-Cola and its products, even those who do not intend to consume its products. The company uses the differentiated marketing strategy when targeting a specific part of the population; for instance, the company targets Cola product consumers through the manufacturing of products with intense flavors. The company also targets non-Cola consumers through the manufacture of diet cola for the health sensitive population. Sprite brand targets the younger generation and college-attending youths. Limca, on the other hand, prioritizes the earlier employed adults (Coca-Cola, n.d).

**C. Fifth Step of Coca-Cola Company's STP Process**

The fifth step is the identification and development of a positioning policy (positioning) [8]. Coca-Cola Company uses value, symbol, salient attributes, and competitive positioning strategies for its goods in the market (Coca-Cola, n.d). The company has placed its merchandise as refreshing, thirst-quenching, and joy-bringing products, as depicted in Coca-Cola's "Tate the Feeling" TV advert. The advertisement associated Coke products with having a good time with our beloved ones, friends, and families. The ad also portrays that Coke consumers are enjoying every part of their lives. Coca-Cola's positioning strategy also brings out its products as high-quality and consistent in the market place.

**III. THE STP MODEL AND COCA-COLA COMPANY'S SALES AND EXPANSION EFFORTS**

The STP marketing model has played a significant part in the development of the Coca-Cola Company. The marketing initiative has enabled the company to identify its most valuable market segments and successfully sold the targeted products. A good example is the Brazilian market, which is the largest market of Coca-Cola's Fanta brand in the global context (Coca-Cola, n.d). The company established that Brazilians loved Fanta before the World Cup tournament of 2014, and to target them, Coca-Cola decided to sponsor the event. The initiative increased brand awareness in the country, thus improving Coca-Cola's market share in the South American beverage market place.

TABLE III: THE BRAND VALUE OF COCA-COLA BETWEEN 2006 AND 2020

Year	Value (billion dollars)
2006	41.41
2008	58.21
2010	67.99
2012	74.29
2014	80.69
2016	80.31
2018	79.96
2020	84.02

(Data acquired from Coca-Cola Company official website)

The STP model has also enabled the Coca-Cola Company to establish the most valuable product for a variety of consumers. Although Coca-Cola does not focus

on a given segment of the entire population, the company manufactures new products focusing on the needs of the segments. Therefore, Coca-Cola targets all the portions of the people, designating different products to reach many customers as possible. The model has also enabled the Coca-Cola Company to target diverse age groups, ethnicities, sex, and lifestyles. A good example is the little children where the company has targeted them through TV ads involving families with little children. The company has also used partnerships with companies such as McDonald's to reach young children. The initiative has expanded Coca-Cola's market as it reaches the small children who form a large consumer base, thus facilitating company growth.

The marketing model has also enabled the Coca-Cola Corporation to target any individual in the local and global markets. The incorporation does not target a given occupation, sex, or lifestyle. However, it objectifies to meet the needs of busy people, students, youths, and family-oriented individuals (Coca-Cola, n.d). A good example is the "Share a Coke" marketing campaign, where the company personalized the beverage cans with the names of the consumers. The initiative fueled the desire in the current and potential customers to consume Coke products, thus expanding the sales of the company. The marketing model has also enabled the Coca-Cola Company to identify populations where it has low penetration. A good example is the Indian beverage market, where the company has low penetration rates as compared to PepsiCo [7]. The company segmented this market portion and increased its marketing strategies sensitizing the people to consume its products in the Asian country. Currently, Coca-Cola has the second-largest beverage sales in the Asian country, second only to PepsiCo. Thus, the STP marketing model has played an essential role in the sales and expansion efforts of the company in the domestic and worldwide contexts.

#### IV. CHALLENGES FACING COCA-COLA COMPANY AND ITS STP MODEL

The STP model cannot completely predict the changes in consumer behaviour since it is a marketing model, and marketing is inherently human. The STP model designates the identification of a specific market and positioning efforts of a business firm but does not guarantee an excellent marketing answer for an organization [9]. Therefore, in the case of the Coca-Cola Syndicate, the organization can have wrong market segments that will lead to a flawed response, thus hampering the marketing efforts of the company.

The implementation of the marketing strategies derived from the STP model is expensive and time-consuming [10]. The entire process begins with researching to establish the company product consumers in the local and global markets, which needs the hiring of a research agency that is expensive to the company. The company will also spend much time to identify the target consumers and their respective segment, analysing the collected findings and formulating marketing campaigns targeting this portion of the entire population. The initiative also omits other customers because of falling to target consumers outside the demographic variables of the target population [11]. The

failure to target secondary consumers may cause the Coca-Cola Corporation a significant loss in the number of sales and profits.

#### V. DISCUSSION

Coca-Cola has utilized the STP marketing model in implementing its marketing strategies. The model poses challenges to the company's marketing efforts because it is a model. Marketing is inherently human, and consumer behaviour can change from one geographic location and time zone to another [11]. To cope with these changes in the people, the Coca-Cola Company should use several marketing models when formulating its marketing strategies. Some of the most appropriate models include the PESTLE, 7p's of a marketing mix, product life cycle, and Ansoff Matrix. The Porter's five forces model will enable the company to analyse the threats of rivals and entrants, the bargaining power of consumers and suppliers to establish the effect these factors have on the growth of the establishment [12].

The STP model also leads to the limited production of Coca-Cola Company products. Every market segment has a limited number of customers hindering the company from producing large volumes of products for a given population segment. Thus, the marketing model inhibits Coca-Cola from large scale production of certain products because the products are made for only a small part of the entire population. The investigation recommends that Coca-Cola Company manufactures products without focusing on a given segment of the whole population to solve the challenges presented by the model. The company should also conduct a SWOT analysis to identify the opportunities that it can utilize to expand its growth and sales volumes. For instance, the company should hasten its inorganic acquisitions of local bottling plants and companies in major global markets to diversify its revenue stream. The company should also increase its healthy drinks and water portfolio because large parts of the population are moving to healthier drinks.

#### VI. CONCLUSION

To sum it up, the Coca-Cola Corporation has grown into one of the most recognized brands in the global market because of its marketing strategies implemented from its STP model. The STP model entails the segmentation, targeting, and positioning processes. The company uses the model to identify a given segment of the market and then targets the consumers in this portion by positioning its products and marketing efforts purposing to convince them to utilize company products. The STP model has also played a significant part in increasing the sales volume and market share of the conglomerate in the local and global contexts. It is because the model enables the company to identify its consumer market and formulate marketing strategies to ensure they remain loyal consumers of the brand.

The limitations of the paper include that it focused on one marketing model of The Coca-Cola Company. The

establishment utilizes several marketing models when drafting its marketing strategies. The study can improve this shortcoming by conducting further examination on the other models used by the company is implementing its marketing efforts. Another research shortcoming is the use of secondary data documents, such as company statements and records, to use in providing information on the efficiency of the marketing model. These records can give wrong information as compared to primary data. The study can improve this challenge by collecting primary research from certified company documents. Future research should focus on comparative analysis of the various marketing models utilized by the company and other major beverage companies in the world to establish the most effective marketing model.

#### CONFLICT OF INTEREST

The author declares no conflict of interest.

#### AUTHOR CONTRIBUTIONS

The author accomplished the whole paper individually by conducting the research, analyzing the data and writing the paper.

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**Mengze Xiang** was born in Guangyuan, Sichuan Province, China.

He was a high school student, Chengdu No. 7 high school from 2017 to 2019. He is now studying in St. Joseph's College UK.