Application of Ansoff’s Matrix-Methodology: Marketing Growth Strategies For Products

Tsatsoula Evangelia

SCHOOL OF ECONOMICS, BUSINESS ADMINISTRATION & LEGAL STUDIES

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Professor: I. Pollalis
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Contents

1. Introduction ......................................................... page 5
2. Strategic management ........................................... page 7
2.1. Strategy definition & features ............................... page 7
2.2. Strategic management meaning ............................. page 8
3. Strategic planning ................................................ page 12
3.1. Principles of strategic planning ............................... page 13
4. Corporate strategy ............................................... page 14
5. Product life cycle stages ........................................ page 15
6. Strategic marketing ............................................. page 18
6.1. Marketing vs strategic marketing ............................ page 19
7. Marketing growth strategies for products with the help of
   Ansoff Matrix ...................................................... page 19
   7.1. Market Penetration ......................................... page 21
   7.2. Market Development ....................................... page 22
   7.3. Product Development ...................................... page 22
   7.4. Diversification ............................................. page 23
8. Coca cola case study ............................................. page 23
8.1. Coca cola history ............................................. page 24
8.2. Vision of coca cola .......................................... page 26
8.3. Coca cola brand portfolio ................................... page 27
8.4. Swot analysis coca cola 2016 ............................. page 27
9. Ansoff matrix coca cola ....................................... page 33
10. Perceptual mapping ............................................. page 46
11. Suggestions ..................................................... page 55
12. Conclusions ..................................................... page 56
Table of contents

List of tables

1. Advantages and disadvantages of market growth.................................................. page 20
2. The Ansoff matrix table.......................................................... page 21
3. Coca cola swot analysis table.................................................. page 28
5. Financial analysis for the years 1985 & 1984 when launching coca cola cherry........................ page 40
6. Financial analysis for the years 2005 & 2004.................................................. page 42
7. Financial analysis for the year 2007.................. page 44

List of figures

1. A swot analysis, with it’s four elements........ page 10
2. Corporate strategy at general and business level................................................ page 15
3. Product life diagram.......................................................... page 17
4. Coca cola bottles.......................................................... page 23
5. Coca cola evolution of bottles................................................ page 25
6. Coca cola brand portfolio................................................ page 27
7. Coca cola swot analysis .............................................. page 29
8. Ansoff matrix coca cola ........................................... page 33
9. Coca cola christmas ............................................... page 36
10. Coca cola cherry flavour ....................................... page 39
11. Coke diet vs coke zero .......................................... page 41
12. Net income per share and operating income for the years 2003, 2004 & 2005 ................................................ page 42
13. Coca cola vitaminwater ......................................... page 43
14. Other coca cola products ...................................... page 45
15. The Ansoff matrix five strategies ............................ page 46
16. Questionnaire graph for gender .............................. page 48
17. Questionnaire graph for age .................................... page 48
18. Questionnaire graph for monthly income ............... page 48
19. Questionnaire graph for familiarity with coca cola products ........................................................ page 49
20. Questionnaire graph for frequency of consumption regarding coca cola ........................................ page 50
21. Questionnaire graph for the choice of coca cola products ........................................................ page 51
22. Questionnaire graph for criteria regarding beverages ........................................................ page 52
23. Questionnaire graph regarding competition ............ page 53
24. Questionnaire graph regarding preferences in coca cola refreshments ........................................ page 54
25. Questionnaire graph regarding reasons people don’t buy coca cola ................................................ page 54
Abstract

In today’s world running a business it’s not as feasible as it was in the past. In a rapidly changing environment in the marketing and business world keeping up is vital. Every business either small or large has to choose significant strategies in order to succeed. Furthermore more than economic analyses is necessary to regulate the company’s future. An annual operating plan for example is an essential management tool for every company. A swot analysis or an Ansoff matrix table will help in the awareness of the weaknesses of the company and this will lead to a greater focus on how disadvantages through specific activities can make the company more successful. In this way creativity can be turned into value. Strategic planning in businesses is also important for the competition, even if the company is in a primary stage, there are always competitors.

In order for all of these to be achieved specific methods need to be followed that are referred in this project. This essay would cause the enthusiasm for marketers, businessman or businesswoman, account executives, ambassadors etc. but also for everyone that is absorbed in the world of business. In the first chapters the importance of the strategy is projected. We will dissociate meanings like strategic management and strategic planning which are preceded the meaning of corporate strategy. The product life cycle stage is indispensably related to the market growth and we will study the four stages of the integration of the product. Additionally a case study of the coca cola company was studied in order for the Ansoff matrix model to be more clearer, through swot analysis and the model of Ansoff matrix. Furthermore a personal research through a questionnaire regarding the coca cola company is analysed. In conclusion there are some inferences related to the marketing growth strategies for products.
1. Introduction

An economic unit that constitutes self contained and is responsible for the organization of productive factors transaction management with which it seeks the maximum possible profit is called a business. There are many types of businesses they can be for benefit or charitable. There are businesses who administer equipments and those who provide assistances. They are a very important part of the society. Primarily if it wasn't for businesses there would be no products or services. The employment and income of most people as well as the development of the economy depends on the businesses. Businesses can be either small with a few employees or international associations. In today’s world which is constantly growing we cannot count on ourselves to get through. For example a farmer can grow food but he needs the proportionate supplies for his plantations. As a matter of fact businesses actually lead the economy of a country. They occupy people, they insure payment to workers, they are the means to exchange products or services, they can lead to newness through new products etc. Businesses can be individual, collective, capital, or corporate and occupy people in full-time employment and part time employment. This of course differs from country to country, in most european countries nevertheless is part-time employment. Large companies born extraneous currency for the economy with the input and output of organic matter. In the antagonistic world of markets businesses build newness and uniqueness in addition to pioneering fortuities. All of these consist the economy of the country. But when a business grows faces a lot of challenges with contrasting problems every time that need different approach to be solved.
“The only strategy that is guaranteed to fail is not taking risks.”

Mark Zuckerberg, founder, Facebook
2. Strategic management

2.1. Strategy - Definition and Features

Strategy is a Greek word that has two synthetics the first is stratus that means army and the second synthetic is ago that means lead. So strategy is the act that managers take to achieve each business targets. It’s actually a plan for the business's future. Strategy takes into account the conditions prevailing in the internal and external environment before determining its mission, the objective goals, the strategic choices, and how they are implemented and evaluated. Internal environment can be economic, social, technological etc., external environment is resources, culture, structures etc. The meaning of strategy is that it sets directions, it supports uniform decisions, aids effort and coordinates activities, defines the business place regarding competition, reduces insecurity, can provide a sustainable comparative advantage. When a business Designates a strategy answers to a few questions like where the company stands, where the company wants to be led, what is the place in the market that belongs, what is the clientele, what are the results that the company wishes to achieve, and what is the way to accomplish all of these.

Features of Strategy

1. Strategy is semantic because we cannot predict the future. Businesses who avoid strategies must be prepared to face numerous challenges that consist the business environment.
2. Strategy involves distant future evolutions and not ordinary tactics, it transacts with anticipation of newness for example it is related with new discoveries, new production processes or new merchandising systems that will evolve in the future.
3. Strategy is created to anticipate the way customers and antagonists will react so as to be able to respond to any challenge that will occur. And the same applies for the employees.

The strategy marks the direction of the business and clarifies the position and objectives of a business. The main target is to take advantage of its positives so as to reduce the competitors ‘power’. Essentially with the strategy a business sees where it stands and where it wants to reach.

2.2 Strategic management meaning

Strategic Management

Strategic management is all acknowledgment and definition of the strategies that administrators plan so as to attain the ideal solution for every problem that will occur and an advantageous position for their business. And this position will be a result of its earnings if the earnings are greater than the average earnings for all companies in each industry. Another definition for the strategic management is that it is a combination of conclusions and actions chosen from the administrator of every company which reflects the image of every firm. So the person responsible for this position must have the best awareness to be able to evaluate the other competitive firms and how threatening they are towards its company, and as a result to make the proper choices. One way to achieve this is by conducting a SWOT analysis through which will be clear the best usage of strengths, the reduce of weaknesses, the adoption of new opportunities from the business market and to understand the threats.
Swot Analysis

Swot analysis is a strategic tool that helps to determine the strengths, weaknesses, opportunities and threats that are relevant to business competition or the design of a project completion for the company. Main target of a swot analysis is to indicate the inner and outer aspects that are agreeable and disagreeable to accomplish those aims. People who use this method usually gather important information through this procedure (by asking and answering questions) take advantage of these information at the very end and name their assets against the competitors. Most of the times strengths and weaknesses are relevant to internal factors, while opportunities and threats are related to environmental factors.

- **Strengths**: attributes of the business that give an advantageous position against other businesses
- **Weaknesses**: attributes of the business that give a disadvantageous position against other businesses
- **Opportunities**: components in the business environment that the business could take advantage of
- **Threats**: components in the business environment that would lead to agitation in the smooth operation of the business

Furthermore if a business wishes to verify whether the internal environment meets the needs of it’s business with the external environment this will be presented by strategic fit. The recognition of strengths, weaknesses, opportunities and threats is critical due to the fact that it can be helpful for thereafter moves that will accomplish the goals of the business. Primarily the important thing is to decide whether the target is feasible, through the swot. If it’s not feasible, there must be a reconsideration to select a diverse target and do the swot again.
Strategy building

Swot analysis helps creating a strategy. In a prime role of this procedure is the recognition of inner and outer considerations, screen and classify most important of them and establish the connections between them. For example if in a company there is a good relation among strengths and opportunities this can offer good environment in the company and confess an combative strategy. But when there is a good relation among weaknesses and threats this could lead to an opposing strategy.

Figure 1. A SWOT analysis, with its four elements
Strategic management is useful for preventing situations that were unexpected but also for planning stuff that are needed. It is suitable for every organization either small or large and even in the small businesses it’s necessary because there is always competition and by selecting the proper strategies they can respond and survive in the competitive business environment.

With strategic management those who are interested set the goals and complete them. It is directly related with taking decisions and apply them in relative terms for the future of the company. Additionally with these steps it is clear the route for the future. With this tool businesses can appraise their antagonists and define strategies and goals to address them, and to find out whether these strategies were right and if they weren't to redesign new strategies. Also this process helps the employees discern their place in the organizational plan and how other employees are related to it. Managing the employees in this way will lead to complete the organization’s tasks, because they will become more reliable, more engaged and more supportive as they can participate in the organizational plan and knowing how they and other employees are related to it.When related to the organizational plan they have a better perception to the environmental changes of the organization and how these will affect the organization, and so they can react more productively. The employees and the managers must cooperate properly to be valid and productive. Another important aspect of strategic management is that it embodies assorted operational fields of the organization so to assure all of them coordinate. Additionally strategic management has another scope which is to notice continually the goals of the organization that have been set. In conclusion a free definition would be that it is the effective implementation of the main objectives set by the company's management on the side of the holders, and are based on the assessment of internal and external factors in which the firm challenges.
3. Strategic planning

Strategic planning is a part of strategic management and so is strategic thinking. It is related to the organization’s operation when determines its strategy or direction and taking resolutions on allocating its resources to aim at it’s strategy. But furthermore it may also refer to control mechanisms for mentoring the application of the strategy. To be more specific strategic planning takes place at about strategic thinking or when strategy actions are determined. With strategic planning a more clearer picture is projected for the common goal and arrangements are set to developing policies and plans designed to achieve these objectives, and then allocating resources to implement the plans. Academics and practicing managers have developed numerous models and frameworks to assist in strategic decision making in the context of complex environments and competitive dynamics. Strategic management is not static in nature; the models often include a feedback loop to monitor execution and inform the next round of planning.

The father of strategic management is Harry Igor Ansoff (December 12, 1918 – July 14, 2002) a Russian American applied mathematician and business manager.

Born in Vladivostok of a Russian mother and an American diplomat father, Ansoff spent the first 18 years of his life in Russia before moving to New York, where he studied mechanical engineering and physics. In 1950 he joined the Rand Corporation, an influential think-tank of the time, where he worked on strategic problem-solving for NATO, developing theories that he subsequently came to apply to business. He then worked for Lockheed, an aerospace company, and became a vice-president before moving on in 1963 to become an
academic, first at the Carnegie Institute of Technology in Pittsburgh, then as founding dean of the Graduate School of Management at Vanderbilt University in Nashville, Tennessee.

3.1. Principles of strategic planning

Strategic planning is the procedure of formulating and materializing decisions for a company’s forthcoming guidance. It’s a very important process because through this process the organization acclimates to the changeable environment and it is practicable to all of the organization system. Primarily in strategic planning the procedure of couching is for when an organization sets its place and takes into account its possibilities so to decide where to go and what decisions are needed to made so to get there. The influence of this is to realize the organization you belong to and in which way you can continue to be antagonistic. The result of this prosperous step is that the organization will work right, and there will be a demand for what it produces. And as a result the organization has been efficient regarding sales or customer satisfaction. If the customer is satisfied this will lead to a repeat visit that only profits can bring. The organizations must be active and antagonistic to their surroundings in order to get through in the distant future. Continuing for the implementation it converts the procedure of couching into tactics and processes to achieve the frabjous decision. In the implementation there is an adjustment between the targets that were setted and the continuing actions. Because implementation involves all levels of the organization, it results in the integration of all aspects of the firm’s functioning.

The most significant part of project management is integration management in which dominant role possess implementations actions, which are decided from the managers. This procedure leads to effective goals, time plan schedules, right company policies, and as a result the organization is proceeding properly to meet the goals that have been set.
4. Corporate strategy

Corporate strategy implies a clear future vision that is set by every organization with the scope to create corporate strategy and galvanize the staff to make the right actions to satisfy the customer needs. It is a process that takes a continuous effort to make customers trust the organization and invest their money in it so as to increase share capital. Companies that reap the value of customers are those who regularly review the corporate strategy to solve any problem that might be created and that would prevent them from achieving the primordial goals.

Corporate strategy is separated in two categories, the corporate level strategy and business level strategy. In the first case the company takes important decisions relatives to where it stands and what businesses to rival to. It must carefully select which businesses from the business environment will compete, because this decision will influence the whole organization. The civilization and the administration of the organization also have a major impact. Corporate-level strategy can also be seen in the following definition of corporate strategy: Corporate strategy is the pattern of major objectives, purposes or goals and essential policies or plans for achieving those goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be.

Moving on to the business level, corporate strategy regards the competition for the customers, and make actions that will account for value to customers and achieve an ambitious advantage by developing basic abilities in targeted markets. Business-level strategy can be seen in the following definition of corporate strategy: The strategy of the firm is the match between its internal capabilities and its external relationships. It describes how it responds to its suppliers, its customers, its competitors and the social and economic environment within which it operates.
Figure 2. Corporate strategy at general and business level

5. Product Life Cycle Stages

All of the products and services that we use have a specific cycle stage. The life cycle of a product defines as the period of the launch of the product in the market until it’s final withdrawal. During this period important changes are made regarding the way the product behaves in the market, such as it’s sales and the income of the company that launched in the market. Since profit growth is the primary objective of an enterprise importing a product into a market, managing a product's life cycle is very important. When launching a new product has both a positive and a negative impact. By reason of the shabby products are less attractive and on the other hand the demand for the new ones increases briskly. And these are facts well known from businesses so this turns into a benefit for companies when thinking of investing in new product development, to ensure that their enterprise will grow.
The product life cycle has four basic stages, It is the introduction stage, the growth stage, the maturity stage and the decline stage. Each stage has specific properties that have a different meaning for every business and the life cycle of its products.

- **Introduction Stage**

In this stage is the launch of a new product. It’s the most extravagant stage of the four due to the fact that it involves importing the product in such a way as to exert the greatest influence on the market during sales. This period can be described as damaging compared to the maturing phase of a product. At this time, there are huge costs of promoting and advertising the product, and for the first time there are costs for customer service and product service. In the future of course sales might be increased but for the moment they are low.

- **Growth Stage**

This is the stage where the product offers the satisfaction with it’s raise in sales within a market. It’s the most appropriate moment for the business to focus on increasing market share. If the product was first placed in the market it is able to gain its fair share of market share. But a new growing market will attract the attention of competition very quickly.

- **Maturity Stage**

When the market is saturated with the various variants of the basic product, and all competitors are represented in the market through existing alternative products, the maturing phase of the product starts. At this stage, the increase in market share is at the expense of someone else's business, and not by the growth of the market itself. This period is the period of higher sales of the product. The
company now has to figure out how to preserve the market share they developed. This is the most crucial time for the product and for the business because it is time to choose strategies either to review the product or upgrade the production process which gives them the chance to be in an advantageous position.

- **Decline Stage**

The decision to withdraw a product is a complex issue and includes many issues to be resolved before any withdrawal decision is taken. Ultimately the market for the product will begin to lessen and this is related to many factors. It could be owing that the market is saturated or customers choosing a contrasting product. But on the positive side of this situation the decline stage can have an advantage to the businesses because it gives them the chance to choose different methods of production that will be more economical and low cost markets.

![Product life diagram](image)

**Figure 3.** Product life diagram
6. Strategic marketing

There are many definitions for the strategic marketing but the most essential is that strategic marketing is the procedure that describes what the business plans to do in the market and is based on two elements the target market and the marketing mix. Strategic marketing stands out because makes the company rely on itself so as to perform better value to customers than the antagonists. The scope of the strategic marketing is to shape the business in such a way that the products can achieve the business objectives (profit or increase of sales). Because marketing connects with the managing of the company and its environment it’s meaningful for the marketing plan. The way all of the above to be achieved is to answer to three fundamental questions: where, how and when should the business compete. In understanding this, it's no surprise that a Strategic Marketing Plan will often lay a framework for fundamental change in the way a firm works and how it engages its markets. The first question of where refers to the fact of which are the competitors in the business environment. As far as regards the second question of how is for the firm to know it’s advantages and disadvantages so as to make the proper use of them in order to have an advantageous place against the competitors in the market. Thirdly the question of when relates to the planning of the way the firm will decide to infiltrate the market.

Closing the role of strategic marketing is to decide:

❖ Which markets to compete in (where to compete).
❖ What the basis of the firm's competitive advantage is going to be (how to compete)
❖ When and how the firm will enter each market (when to compete)

After having answered these questions the marketing planning commences.
6.1. Marketing vs strategic marketing

Many people confuse the meanings of marketing and strategic marketing. These two concepts are differentiated between them. Strategic marketing is an explanation of the goals the business wants to achieve through a marketing system to use. The company’s marketing strategy is built by the goals that are set for the business. On the other hand, marketing is the means that the business will use to accrue these goals. The passport to a powerful strategic marketing is to develop a marketing plan that all of the employees are co-related to it and ensure that they are aware of the goals and the ways to achieve them. The strategic marketing accords a clear direction for the future of the company, provides the business with a competitive advantage, and clarifies business decisions.

7. Marketing growth strategies for products with the help of Ansoff matrix

As definition declares market growth is an increase in the demand for a particular product or service over time. Market growth can be small if the buyers don't approve the product or big if they discover the beneficial view of the product for the amount of money that corresponds to it. The primarily wish that every businessman makes when he creates a company is to grow his business and boost sales and earnings. But in today's world is difficult for a company to maintain in the market let alone to expand its business. Research suggests that only one-tenth of 1 percent of companies will ever reach $250 million in annual revenue. An even more microscopic group, just 0.036 percent, will reach $1 billion in annual sales. As evidenced by the statistics most
businesses are afraid to expand. But the fact that they don't pledge them that they will remain in the market. On the other hand growth strategy entails introducing new products or adding new features to existing products, and sometimes, a small company may be forced to modify or increase its product line to keep up with competitors. And if they don't, they might lose their customers. The following table describes the advantages and disadvantages of market growth.

<table>
<thead>
<tr>
<th>Advantages (market growth)</th>
<th>Disadvantages (market growth)</th>
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</thead>
<tbody>
<tr>
<td>Greater efficiency and economies of scale</td>
<td>Increased capital investment</td>
</tr>
<tr>
<td>More locations and larger brand presence</td>
<td>More complex logistics with multiple locations</td>
</tr>
<tr>
<td>Better effect on the society and local economy</td>
<td>Risk of losing an intimate connection with your employees and customer</td>
</tr>
<tr>
<td>More money to produce greater quantities of product</td>
<td>Difficult to maintain craftsmanship</td>
</tr>
</tbody>
</table>

Table 1. Advantages and disadvantages of market growth

A small company could embrace a growth strategy by discovering a different market for its products. And as a result there is a dilemma in which of the many methods to choose for the implementation of the growth strategy.

An application of the Ansoff Matrix diagram, could be very helpful to the dilemma of growing or not. Harry Igor Ansoff was a Russian American applied mathematician and business manager who came up with a concept that help businesses choose their strategy for future growth. Ansoff divides the strategies for growth in four alternatives.
7.1. Market Penetration

Market penetration is the increase in sales of products already produced on the same target market. In this strategy we can take more advantage of the existing products without changing the product or its facet. We can achieve this in various ways such as adjusting the price level that will bring more customers or by allocating it in more places. It’s a secure selection for the marketers due to the fact that you already know the characteristics of your product (advantages and disadvantages) and you know the market it invokes to. So this strategy doesn't have a big risk because there is an already existing clientele for the market. New suggestions that for the application of the product would help the growth of market penetration.
7.2. Product development

In product development growth strategy, new products are introduced into existing markets. This method deals with the launch of a new product in a market that already exists and it can also implicate the amendment of a product that exists. This method is riskier than the previous one because a new product is being presented in the existing market. It’s certain that changing the facet on an existing product is interesting and would escalate the products performance or quality.

7.3. Market Development

The third marketing strategy is Market Development, it may also be known as Market Extension. In this strategy, the business expands to new markets. In order to achieve this uses additional market segmentation and can realise the opportunities of the market so to design marketing strategies in the best way as to achieve the greatest possible effect, by recognizing a new clientele. Market development is when an existing product is putted into an entirely new market. A way for this to be achieved is by finding a new use for the product, or by adding new features or benefits to it. For all of these to be accomplished the condition is that the existing markets have been examined fully so as to involve into new markets. There are many methods regarding this strategy such as new geographical markets, new packages for the products etc. but the most known is the new geographical market with the franchise method, that gives the opportunity to the company to expand by exporting products to other places.
7.4. Diversification

Diversification, is when introducing a new product to a new market, to a new clientele and has no relation to the existing products and markets of the business. This makes the fourth method the riskiest, because new products are conceived and there is no knowledge for the difficulties that may supervene in the operation. There are two types of diversification. There is related diversification and unrelated diversification. In related diversification, the business is developed in areas related to the precursor of the action. In unrelated diversification there is a completely new activity without similarities with other operations of the company.

8. The Coca cola case study

Figure 4. Coca cola bottles
8.1. Coca cola history

Coca-Cola history began in 1886 when the curiosity of an Atlanta pharmacist, Dr. John S. Pemberton, led him to create a distinctive tasting soft drink that could be sold at soda fountains. He created a flavored syrup, took it to his neighborhood pharmacy, where it was mixed with carbonated water and deemed “excellent” by those who sampled it. Dr. Pemberton’s partner and bookkeeper, Frank M. Robinson, is credited with naming the beverage “Coca-Cola” as well as designing the trademarked, distinct script, still used today.

*The first servings of Coca-Cola were sold for 5 cents per glass. During the first year, sales averaged a modest nine servings per day in Atlanta. Today, daily servings of Coca-Cola beverages are estimated at 1.9 billion globally.*

Prior to his death in 1888, just two years after creating what was to become the world’s #1-selling sparkling beverage, Dr. Pemberton sold portions of his business to various parties, with the majority of the interest sold to Atlanta businessman, Asa G. Candler. Under Mr. Candler’s leadership, distribution of Coca-Cola expanded to soda fountains beyond Atlanta. In 1894, impressed by the growing demand for Coca-Cola and the desire to make the beverage portable, Joseph Biedenharn installed bottling machinery in the rear of his Mississippi soda fountain, becoming the first to put Coca-Cola in bottles. Large scale bottling was made possible just five years later, when in 1899, three enterprising businessmen in Chattanooga, Tennessee secured exclusive rights to
bottle and sell Coca-Cola. The three entrepreneurs purchased the bottling rights from Asa Candler for just $1. Benjamin Thomas, Joseph Whitehead and John Lupton developed what became the Coca-Cola worldwide bottling system.

![Figure 5. Coca cola’s evolution of bottles](image)

Among the biggest challenges for early bottlers, were imitations of the beverage by competitors coupled with a lack of packaging consistency among the 1,000 bottling plants at the time. The bottlers agreed that a distinctive beverage needed a standard and distinctive bottle, and in 1916, the bottlers approved the unique contour bottle. The new Coca-Cola bottle was so distinctive it could be recognized in the dark and it effectively set the brand apart from competition. The contoured Coca-Cola bottle was trademarked in 1977. Over the years, the Coca-Cola bottle has been inspiration for artists across the globe — a sampling of which can be viewed at World of Coca-Cola in Atlanta.

The first marketing efforts in Coca-Cola history were executed through coupons promoting free samples of the beverage. Considered an innovative tactic back in 1887, couponing was followed by newspaper advertising and the distribution of promotional items bearing the Coca-Cola script to participating pharmacies.
Fast forward to the 1970s when Coca-Cola’s advertising started to reflect a brand connected with fun, friends and good times. Many fondly remember the 1971 Hilltop Singers performing “I’d Like to Buy the World a Coke”, or the 1979 “Have a Coke and a Smile” commercial featuring a young fan giving Pittsburgh Steeler, “Mean Joe Greene”, a refreshing bottle of Coca-Cola. You can enjoy these and many more advertising campaigns from around the world in the Perfect Pauses Theater at World of Coca-Cola.

8.2. The vision of coca cola

“*Our vision serves as the framework for our Roadmap and guides every aspect of our business by describing what we need to accomplish in order to continue achieving sustainable, quality growth.* (coca cola company says)”

- People: Be a great place to work where people are inspired to be the best they can be.
- Portfolio: Bring to the world a portfolio of quality beverage brands that anticipate and satisfy people's desires and needs.
- Partners: Nurture a winning network of customers and suppliers, together we create mutual, enduring value.
- Planet: Be a responsible citizen that makes a difference by helping build and support sustainable communities.
● Profit: Maximize long-term return to shareowners while being mindful of our overall responsibilities.
● Productivity: Be a highly effective, lean and fast-moving organization.

8.3. Coca cola brand portfolio

Figure 6. Coca cola brand portfolio

8.4. Swot analysis coca cola 2016
Coca cola is a famous brand with a strong image. Everyone around the world is familiar with the coca cola logo. Main competitor for coca cola is pepsi but coca cola has been established in the beverages market all these years. It has a unique product portfolio and noticeable marketing strategy that led the company to the top. One of main threats coca cola is facing is the fact that people in our days are seeking more for healthier choices in the beverages. The last action to reply to this threat was the creation of beverages with lower calories. For the year of 2016 Coca Cola ranks at the 62nd position on the Fortune 500 list, 18 ranks below Pepsico. Its closest rival is at the 44th rank.

<table>
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<tr>
<th>Key information</th>
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<tr>
<td>Profits ($M) 2015</td>
<td>$ 7,351</td>
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</tbody>
</table>
COCA COLA Strengths:

- Strong brand image
• Largest market share  
• Strong brand portfolio  
• High customer loyalty  
• Extensive distribution network  
• Investment in marketing and advertising

High company valuation

Where coca cola shores up is to the brand image and the awareness of it. The brand is famous in all over the countries and holds the largest market share of around 48% in the beverages industry. What gives an another plus to coca cola is that it has a unique product portfolio. To compensate the antagonist for the health drinks coca cola launched Diet Coke to Coke Zero Sugar, Fanta Orange Zero, Lilt Zero, Schweppes Diet Lemonade and Powerade Zero. It has presented low calorie options for nearly all its major and well known products.

“The Coca-Cola Company is the world’s largest beverage company, refreshing consumers with more than 500 sparkling and still brands and more than 3,800 beverage choices. ...., our company’s portfolio features 20 billion-dollar brands, 18 of which are available in reduced-, low- or no-calorie options. Our billion-dollar brands include Diet Coke, Coca-Cola Zero, Fanta, Sprite, Dasani, vitaminwater, Powerade, Minute Maid, Simply, Del Valle, Georgia and Gold Peak.. Together with our bottling partners, we rank among the world’s top 10 private employers with more than 700,000 system associates”.

Coca -cola company

Armed with a lot of advantages, coca cola has a advantageous place in the market thus ensuring a high level of customer loyalty. The main reason behind its influential international existence is its prosperous distribution network. Coca Cola uses innovative techniques of marketing and advertising strategies. It has continued to make major investments in marketing and advertising as well as customer engagement. Another important fact for coca cola is that it is popular for the sponsorships. Currently valued at $83.84 billion, Coca Cola enjoys high brand value. An excellent distribution network is also an important
strength of the brand. These are the key strengths of Coca Cola and also the reasons behind its success.

**Weaknesses**

- Competitive pressure from rival brand pepsi.
- Low product diversification
- Currency variances
- Low presence in health drinks
- Water management issues

The antagonism with the brand pepsi is increasing all the time but coca cola didn't made any great changes to defeat this competition. It relies on the popularity of the existing products and on the launch of a big part of the existing product portfolio with less calories. Due to the fact that the demand for more health drinks is rising the competition might be sizeable in the future. The brand has already faced issues regarding over-consumption of water. Its product diversification relative to its competitors has been low. Fluctuations in the value of dollar have also hit Coca Cola hard, causing loss of profits. Last year (2015), Coca Cola saw a drop in its revenue. The clientele starts to diminishing because they prefer health drinks. But in this sector the attendance of coca cola is small. The scandal with the pesticides hurt the reputation of coca cola. Continuing lawsuits also hurt the fame.

**Opportunities:**

- New opportunities in growing markets
- Product diversification
- Packaged water

Coca Cola has major opportunities before it in the emerging markets. It can profit through brand expansion in these markets. Apart from it, product diversification into healthy drinks and packaged water can also bring revenue
and profits. Adding food products to its portfolio like Pepsi did could also be a good option. Introduction of health drinks and juices can particularly benefit it by establishing it as a health friendly brand.

**Threats**

- Increased competition from the less known brands.
- Increased costs of labor and raw material.
- Movement towards health drinks

Coca cola doesn’t have to face only pepsi regarding competition. Other brands like Dr Pepper Snapple Inc., Monster Beverage Corp., and Suntory Beverage & Food Ltd have also increased their demand. The rising cost of production and workforce also threatens coca cola. And the continuing lawsuits is a value of importance. At this point comes to add the lack of water.

**Conclusion of swot analysis**

Based on the above SWOT analysis it is visible that Coca Cola has some very important strengths. Its brand image and popularity helped it through the financial crisis. However, with consumers growing more and more health conscious, it is important that it adds more health drinks to its portfolio. Apart from that, it can add snacks like chips or drinks like coffee and juices. The entire Soda industry is threatened by the popularity of health drinks. In this regard Coca Cola might need to focus on marketing of its products to stay profitable. Expanding its product portfolio can be really good for the brand. Moreover, water management is a key area that requires focus. Coca Cola is aggressive about its plans for the year. Based on the popularity of its products, a few strategic moves could help it better handle competition in the emerging markets.
9. Ansoff matrix coca cola

The goal of each business is to expand, and increase profits. But the main question is how will the business achieve this? Which is the best strategy for growth? The Ansoff Matrix management tool offers a solution to this question by assessing the level of risk – considering whether to seek growth through existing or new products in existing or new markets. We will analyse the ansoff matrix methodology to coca cola company which is known as a company all over the world, and has a great history with many years (100 +) in the business.

Figure 8. Ansoff matrix coca cola
Market Penetration:

➔ Existing market, existing product

This strategy involves an attempt to increase market share within existing industries, either by selling more product to established customers or by finding new customers within these markets – typically by adapting the ‘Promotion’ element of the Marketing Mix. In order to achieve this coca cola “used” christmas and correlate santa claus with the famous beverage. With the help of this advertisement, improved the winter sales, which were low until then due to the fact that people were drinking coca cola mostly during summer due to the coolness of the beverage.

How Coca cola ‘stole’ christmas to improve winter sales

Whenever we think of Christmas the image of smiling old man with fluffy beard and a red and white suit comes to mind. And with it the iconic Coke bottle we all know Santa drinks when he needs to make a pause from the exhausting task of delivering happiness to all children across the World. But how did a brand of soda became so connected with a holiday in such a way that it dictates the way we portray the figure of Santa Claus?

It all started in 1931 with a campaign developed by the artist Haddon Sundblom published in the Ladies Home Journal that pictured Santa holding a glass of Coke hailing it for the refreshing pause it brings. From 1931 to 1964, Sundblom created a new advertising piece for Coca-Cola according to Christmas imagery the brand developed, as Phil Mooney, Coca-Cola’s VP for Heritage Communications, explained to CNN’s Eatocracy. The goal? Improve Coke’s
sales in Winter time: In 1931, Coca-Cola was trying to convince consumers that Coke could be consumed in the winter months as well as the summer months. Coke decided to be associated with the holidays by advertising Coke for the holidays. So the character of Santa was chosen because he has to go around the world in one evening and he is definitely going to get thirsty. So the campaign shows Santa pausing during the evening to enjoy a Coke. By repeating the same theme year after year, the brand managed to create a strong association between Christmas and itself becoming a part of the collective memory for the occasion and ensuring that its always present when one think of Christmas. True as this all may be, the notion that it was Coke that created the red and white version of Santa Claus is a myth. A myth that the company is happy to ride and foster, as it helps to associate the brand with the season. While Coke can state that Sundblom developed his version of Santa Claus from the poem ‘Twas the Night Before Christmas’, written in 1922 by Clement Clark Moore, the fact is that red and white Santa’s with fluffy beards have been around form at least 1866 in illustrations by the artist Thomas Nast, and have been used by other companies like Oldsmobile, Waterman’s pens, Murad cigarettes or Michelin. While the creation of the red and white Santa can’t be attributed to Coca-Cola, the proliferation and globality of the imagery are due to the brand’s advertising efforts. And this was how Coca-Cola ‘stole’ Christmas for its marketing efforts and created one of the most powerful branding associations of the World.
Figure 9.Coca cola christmas

The list following is coca cola profits the past 4 decemers:
<table>
<thead>
<tr>
<th>Fiscal Period</th>
<th>Annual (USD $)</th>
<th>Dec14</th>
<th>Dec15</th>
<th>Dec16</th>
<th>Dec17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td>45,098</td>
<td>44,294</td>
<td>44,863</td>
<td>35,410</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td></td>
<td>17,889</td>
<td>17,482</td>
<td>16,465</td>
<td>13,256</td>
</tr>
<tr>
<td>Gross Profit</td>
<td></td>
<td>20,109</td>
<td>26,812</td>
<td>25,398</td>
<td>22,154</td>
</tr>
<tr>
<td>Gross Margin %</td>
<td></td>
<td>61.11%</td>
<td>60.55%</td>
<td>60.67%</td>
<td>62.56%</td>
</tr>
<tr>
<td>Selling, general and admin, expense</td>
<td></td>
<td>10,12%</td>
<td>10,237</td>
<td>9,439</td>
<td>7,434</td>
</tr>
<tr>
<td>Advertising</td>
<td></td>
<td>3,499</td>
<td>3,976</td>
<td>4,004</td>
<td>3,958</td>
</tr>
<tr>
<td>Other operating expense</td>
<td></td>
<td>4,782</td>
<td>3,871</td>
<td>3,329</td>
<td>3,261</td>
</tr>
<tr>
<td>Operating income</td>
<td></td>
<td>9,708</td>
<td>8,728</td>
<td>8,626</td>
<td>7,501</td>
</tr>
<tr>
<td>Operating margin %</td>
<td></td>
<td>21.11%</td>
<td>19.70%</td>
<td>20.61%</td>
<td>21.18%</td>
</tr>
<tr>
<td>Interest income</td>
<td></td>
<td>594</td>
<td>613</td>
<td>642</td>
<td>577</td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td>-483</td>
<td>-856</td>
<td>-733</td>
<td>-841</td>
</tr>
<tr>
<td>Net interest income</td>
<td></td>
<td>111</td>
<td>-243</td>
<td>-91</td>
<td>-164</td>
</tr>
<tr>
<td>Other income (expense)</td>
<td></td>
<td>-494</td>
<td>1,12</td>
<td>-399</td>
<td>-595</td>
</tr>
<tr>
<td>Other income (minority interest)</td>
<td></td>
<td>-26</td>
<td>-15</td>
<td>-23</td>
<td>-35</td>
</tr>
<tr>
<td>Pre-tax income</td>
<td></td>
<td>9,325</td>
<td>9,665</td>
<td>8,136</td>
<td>6,742</td>
</tr>
<tr>
<td>Tax provision</td>
<td></td>
<td>-2,201</td>
<td>-2,239</td>
<td>-1,586</td>
<td>-5,56</td>
</tr>
<tr>
<td>Tax rate %</td>
<td></td>
<td>23.60%</td>
<td>23.31%</td>
<td>19.49%</td>
<td>82.47%</td>
</tr>
<tr>
<td>Net income (continuing operations)</td>
<td></td>
<td>7,124</td>
<td>7,366</td>
<td>6,550</td>
<td>1,182</td>
</tr>
<tr>
<td>Net income (discontinued operations)</td>
<td></td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>101</td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td>7,098</td>
<td>7,351</td>
<td>6,577</td>
<td>1,248</td>
</tr>
<tr>
<td>Net margin %</td>
<td></td>
<td>15.43%</td>
<td>16.60%</td>
<td>15.59%</td>
<td>3.52%</td>
</tr>
<tr>
<td>Eps (basic)</td>
<td></td>
<td>1.62</td>
<td>1.69</td>
<td>1.51</td>
<td>0.29</td>
</tr>
<tr>
<td>Eps (diluted)</td>
<td></td>
<td>1.60</td>
<td>1.67</td>
<td>1.49</td>
<td>0.29</td>
</tr>
<tr>
<td>Shares outstanding (diluted average)</td>
<td></td>
<td>4,450.0</td>
<td>4,495.0</td>
<td>4,367.0</td>
<td>4,324.0</td>
</tr>
<tr>
<td>Depreciation, depletion, amortization</td>
<td></td>
<td>1,376</td>
<td>1,970</td>
<td>1,767</td>
<td>1,260</td>
</tr>
<tr>
<td>EBITDA</td>
<td></td>
<td>11,784</td>
<td>12,431</td>
<td>10,666</td>
<td>8,343</td>
</tr>
</tbody>
</table>

Table 4. Financial analysis for December years
2014, 2015, 2016, 2017
Product Development:

➔ Existing market, new product

The product development phase is based on the development of new products or the modifications of the ones existing for sales in the existing markets. This can be implemented with innovation, modification, expansion of the range. An example of this was the launch of Cherry Coke in 1985 – Coca-Cola’s first extension beyond its original recipe – and a strategy prompted by small-scale competitors who had identified a profitable opportunity to add cherry-flavoured syrup to Coca-Cola and resell it. The company has since gone on to successfully launch other flavoured variants including lime, lemon and vanilla.

Cherry Coke premiered in February 1985 in select U.S. cities before rolling out nationwide that summer. The brand put a contemporary spin on a homespun beverage many Americans enjoyed as a kid at their local drugstore, where “soda jerks” would add a splash of cherry syrup to fountain Coca-Cola. Despite its nostalgic appeal, Cherry Coke launched with contemporary packaging and advertising to target adventurous consumers of all ages. Its introductory campaign carried the upbeat tagline: “Cherry Coke is slightly wild. It’s fun.” The launch followed years of research and development. Coca-Cola began to explore the product’s potential after cherry emerged as the clear favorite during consumer testing of various cola flavorings at the 1982 Knoxville World’s Fair. The company also had received thousands of consumer requests for cherry-flavored Coke. "Cherry Coca-Cola is the first major entry into a whole new category: cherry-flavored sodas," Brian Dyson, president of Coca-Cola USA, said at a February 1985 press conference in New York. The brand, which represented the first flavored extension of the company’s flagship trademark, was an immediate hit with consumers. About a year later, Coca-Cola introduced diet Cherry Coke. A year later, new packaging graphics introduced white and burgundy stripes, with two cherries as part of logo. In 1991, Coca-Cola announced the rollout of new “fountain-style” Cherry Coke and Diet Cherry Coke with significantly more cherry taste — closer to what people remembered.
from the soda fountain — driving even greater sales. Cherry Coke is now available in 36 countries.

Figure 10. Coca cola cherry
Table 5. Financial analysis when launching coca cola cherry

Market Development:

➔ New market, existing product

This is a strategy that is based in promotion of existing products in new markets. The product does not change but it is available to different customers. The launch of Coke Zero in 2005 was a classic example of this – its concept being identical to Diet Coke; the great taste of Coca-Cola but with zero sugar and low calories. Diet Coke was launched more than 30 years ago, and whilst more females drink it every day than any other soft drink brand, it came to light that young men shied away from it due to its consequential perception of being a woman’s drink. With its shiny black can and polar opposite advertising campaigns, Coke Zero has successfully generated a more ‘masculine’ appeal.
When the zero-calorie cola debuted in June 2005, it became The Coca-Cola Company’s most successful new product launch since Diet Coke in 1982. The origins of Coke Zero can be traced back to the late 1990s, when the search for a next-generation, no-calorie Coca-Cola began. Coke’s portfolio lacked a low-calorie sparkling option for younger males who, for the most part, wanted real Coca-Cola taste with zero calories and a brand they could call their own. Coke Zero would eventually offer the best of both worlds. In 2007, AOL named Coke Zero the second-hottest product of the year, behind the iPhone, and the brand is currently sold in 159 countries.
Table 6. Financial analysis for the years 2005 & 2004

<table>
<thead>
<tr>
<th>Financial highlights</th>
<th>value: $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended December 31.</td>
<td>2005</td>
</tr>
<tr>
<td>In millions per share data, percent change and unit case</td>
<td></td>
</tr>
<tr>
<td>Net operating revenues</td>
<td>23,104</td>
</tr>
<tr>
<td>Operating income</td>
<td>6,085</td>
</tr>
<tr>
<td>Net income</td>
<td>4,872</td>
</tr>
<tr>
<td>Net income per share (basic and diluted)</td>
<td>2.04(^1)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>6,423</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>2,678</td>
</tr>
<tr>
<td>Share repurchase activity</td>
<td>2,019</td>
</tr>
</tbody>
</table>

| Unit case volume (in billions)              |      |      |               |
| International operations                    | 14.8  | 14.1  | 5%            |
| North America operations                    | 5.8   | 5.7   | 2%            |
| Worldwide                                   | 20.6  | 19.8  | 4%            |

![Graphs showing Net Income Per Share and Operating Income](image-url)
Figure 12. Net income per share and operating income for the years 2003, 2004 & 2005

Related Diversification:

➔ *New market, new product*

This strategy is based on the sale of entirely new products to new customers that is fends off from the existing products and the existing markets of the business. In 2007, Coca-Cola spent $4.1 billion to acquire Glaceau, including its health drink brand Vitaminwater. With a year-on-year decline in sales of carbonated soft drinks like Coca-Cola, the brand anticipates the drinks market may be heading less-sugary future – so has jumped on board the growing health drink sector.

![Coca cola vitamin water](image)

Figure 13. Coca cola vitamin water
Unrelated Diversification:

➔ *New market, new product*

Finally, unrelated diversification is a totally new activity without any resemblance to other actions of the business. This strategy benefits the business as it prevents it from being identified with one activity, with such an impact. Coca-Cola generally avoids risky adventures into unknown territories and can instead utilise its brand strength to continue growing within the drinks industry. That said, Coca-Cola offers official merchandise from pens and glasses to fridges, therefore exploiting its strong brand advocacy through this strategy.
What is clear with Ansoff’s Matrix is the incremental increase in risk offered by the five strategies, due to the growing cost with each step beyond market penetration and uncertainty of operating in new markets and industries:
In conclusion, there is no appropriate strategy to choose, because each one of the four methods offers contrasting benefits to companies regarding particular assets. Coca cola wouldn’t be the legend it is today if it didn’t make the proper deeds and one convincing example of this is the launch of the Glaceau vitaminwater. Although it was risky to minor the reputation of coca cola for the carbonated drinks in the future, this move was considered the best strategy at that time given the brand’s long-term view, in the alteration of the market.

10. Perceptual mapping

A perceptual map is of the visual technique designed to show how the average target market consumer understands the positioning of the competing products in the marketplace. In other words, it is a tool that attempts to map the consumer’s perceptions and understandings in a diagram. The word ‘perceptual’ comes from the word ‘perception’, which basically refers to the consumers’ understanding of the competing products and their associated attributes. There are three main formats for presenting a perceptual map.
The first format (which is the one presented in the majority of introductory marketing textbooks) simply uses two determinant attributes on the graph. The main advantage of this presentation format is that it is very simple to construct and interpret.

The second approach to perceptual mapping used to use a statistical technique called correspondence analysis. Using a computer, a statistical program (such as SPSS) has the capacity to map multiple product attributes at the same time. This type of map is a little bit more confusing and difficult to interpret, but it does provide a good overview of how the target market views and connects the various attributes.

Occasionally there is a perceptual map that also maps the preferred needs of different market segments, based on the same attributes. These types of maps are sometimes referred to as joint perceptual maps, as the perceived product positioning is jointly presented with the needs of the segment, and this is the third approach. The addition of market segment needs being placed on the perceptual map allows the firm to identify how well they are positioned to relative to their particular target markets.

In this study we use the first format and through the research and the questionnaire we came to the results that are listed below. The survey was conducted on a sample of thirty people, with a basic age range 30-39 years, with the 56.7% to be women and 43.3% to be men. The average monthly income is below 500 €. The proofs of all the above are illustrated below:
Figure 16. Questionnaire graph for gender

This graph is for gender of the people participating on the research, the blue dot corresponds to men and the red dot to women.

Figure 17. Questionnaire graph for age

This graph refers to the age of the sample and it’s the second question (which is the age group that you belong).
What is your monthly income is the third question with an average of 43.3 % to be below 500 €.

In the sequel of the research our fourth question was which of the coca cola products do you know. All of the people who participated in the research knew the main product of the coca cola company which is the refreshment coca cola. A very big percentage of 96.7 % also knew fanta, and the 93.3 % knew sprite. 90 % knew coca cola zero, and 70 % knew powerade. This proves us that coca cola company is a popular company with a strong brand name and very satisfactory sales.
Figure 19. Questionnaire graph for familiarity with coca cola products

In this graph the question is which one of the coca cola company products are you familiar with.

Πόσο συχνά πίνετε κάποιο από τα προϊόντα της coca cola?

30 responses
Figure 20. Questionnaire graph for frequency of consumption regarding coca cola

In this graph the question is how often do you drink one of the coca cola products.

From our sample is confirmed that there is an average consumption of the coca cola company refreshments.

Figure 21. Questionnaire graph for the choice of coca cola products

In this graph the question is which one of the products of coca cola company you choose.

As a result of our sample most people prefer sprite instead of coca cola, which is the number one sales product, with a very small difference though.
In this graph the question is how much are the following criteria affect you when choosing refreshments? The criteria are price, taste, package and quantity.

In the first criterion which is price the $\frac{1}{3}$ of the sample answered that is affected from it. The second criterion which is taste has a major role when choosing a refreshment. The third criterion which is package affects the 13 out of the 30 people of our sample. And at last our fourth criterion which is quantity is equivocal for those who answered that affects them a little and between those who answered that affects them enough.
In this graph the question is for which reason would you choose a refreshment of type cola instead of coca cola.

Most of the people with the percentage of 23.39% claimed that the reason would be the price. But as we see the chart we ascertain other reasons with the percentage of 3.3% and starting from the left it’s if it was too cheap, if the taste was better, for the taste, for the construction materials, if other people were drinking it, the place that it is made, better digestion, the country that is produced, and for no other reason. Also we see that a percentage of 13.3% would try it out of curiosity. From these elements we note that there is competition among companies and it is climactic for every company to get suspicious on what actions to take in order to beat the competition.
Figure 24. Questionnaire graph regarding preferences in coca cola refreshment

In this graph the question is what would you change in coca cola.

A great deal of 17.29 % answered that he would change nothing. This reveals us that coca cola company has established her place in the sector of beverages. We also had different answers in this part (as we see the graph from the left) such as the fact that some people would change the smell, the package to be more practical, it’s ,materials, the carbon, the amount of caffeine, and they would wish to have more new tastes.

Figure 25. Questionnaire graph regarding reasons people don’t buy coca cola
In this graph the question is reasons why you don't buy coca cola refreshments. The reasons are ‘i don’t know’, ‘i used to choose this company but not anymore due to the price’, ‘quality changed’.

The results were that 8 people out of thirty don’t buy coca cola. 25 percent of them don’t buy coca cola because they used to buy it but not anymore due to the price, 12.5 % because quality changed, 12.5% because it has a big amount in sugar, 12.5 % because i don't prefer it, 12.5 % it’s not that economic, 12.5 % i don’t like it, and 12.5 % i am bored the same taste.

11. Suggestions

Coca cola company according to the Ansoff matrix method should take advantage of her brand name to succeed in the part of market penetration. As we mentioned earlier coca cola ‘stole’ christmas to improve winter sales. But another way to increase sales would be to advertise more refreshments that are not so popular as coca cola,such as powerade and powerade zero. In our days this is achievable through social media and as an outcome from the research the average age group that drinks most the refreshments of coca cola is 30 to 39 years old. For this age group the engagement with the social media is vitally important.

For market development coca cola company should launch more of her refreshments to more countries. Not all of the products are available in every country, and this is a handicap to the upward trend in sales.

Concerning product development coca cola company should increase variety of the products with new tastes in beverages. Many of the people participated in the research are saying they bored the same taste of coca cola all these years and they would try something new. What is most likely is that a launch of a new taste in the existing products with advertisement would increase sales.

For the diversification coca cola company should choose the related diversification from the Ansoff matrix table and produce a product related to the existings of the firm. Coca cola the best selling product from the firm has a
steady leading course all of these years. What we suggest is an innovative product, such as coca cola with a complex of vitamins. In our days the sector of food supplements is growing constantly. People are looking for more energy due to the growing weariness. A product with the lovable taste of coca cola and the help of food supplement at the same time would be a great success.

What we verify from this research is that coca cola is a company with a high brand awareness (which she should take advantage of), popularity and holds the largest market share of 48 % in the beverages industry. All of these are a result from good marketing and successful management.

12. Conclusions

Summarizing what we ascertained is that choosing the right strategies for growth is indispensable. Strategic management can lead to achieve better performance and a competitive advantage. Therefore tools like swot analysis and ansoff matrix methodology are essential for the business route in the future. A company cannot only be based in the economic analysis, it needs a plan for the future. The Ansoff matrix table is a quick and simple way to think about the risks of growth and make decisions.
‘Success is 20% skills and 80% strategy. You might know how to read, but more importantly, what’s your plan to read?’

Jim Rohn, author
13. Appendage

Independent consumer research for educational purposes from Msc Strategic Product Design (International Hellenic University) student Tsatsoula Evangelia

Coca cola questionnaire

You can find the questionnaire in the following address:

https://docs.google.com/forms/d/1sCV7fAm4g3WFTwhpOLT7F9WzNJJ3vnWerxu29XxG2hc/edit?usp=drive_web

14. Literature

https://www.managementstudyguide.com

https://www.professionalacademy.com

https://www.myaccountingcourse.com

http://www.productlifecyclestages.com

https://blog.daviesbdm.com

http://www.insivia.com

https://themarketingagenda.com

https://mktpsychology.wordpress.com

https://www.ukessays.com
Books

Harold Kezner, strategic planning for project management using a project management maturity model (copyright 2001)
Pages 15...16

Page...41