The Unique Marketing of the Coca-Cola Company[1]

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ABSTRACT

This paper examines the unique selling points of The Coca-Cola Company in various sectors, varying age range from the younger people to the older ones. This paper will also explore what kind of marketing strategies The Coca-Cola Company employ in order to gain acknowledgement as a soda seller. In addition, we will discuss how The Coca-Cola Company succeed in positioning and targeting their markets in international and national sectors. Furthermore, we will explore how The Coca-Cola Company has maintained their marketing strategies and how they impact the company's financial success and stability throughout the years. These factors will be analysed and studied to produce a conclusion of what makes The Coca-Cola Company became distinguishable and recognizable.

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Keyword: *Marketing, Coca-Cola, Positioning, Segmentation, Targeting*

ABSTRAK

Artikel ini membahas tentang Keunikan Proposisi Penjualan perusahaan Coca-Cola di berbagai macam sektor, dimulai dari usia muda hingga usia tua. Artikel ini tidak hanya menelusuri tentang strategi pemasaran seperti apa yang digunakan oleh perusahaan Coca-Cola untuk mendapatkan banyak perhatian sebagai penjual minuman bersoda tetapi juga akan mengadakan beberapa diskusi tentang bagaimana perusahaan ini sukses dalam memposisikan dan menargetkan market mereka baik di sektor Internasional dan Nasional. Artikel ini juga akan membahas bagaimana perusahaan Coca-Cola mempertahankan strategi market mereka yang memberikan dampak pada kemajuan dan stabilitas pada laporan tahuan mereka dari tahun ke tahun. Faktor-faktor ini akan di analisa dan dipelajari untuk menghasilkan kesimpulan tentang apa yang membuat perusahaan Coca-Cola menjadi sangan terkenal.

Kata Kunci: *Pemasaran, Coca-Cola, Penempatan, Segmentasi, Penargetan*

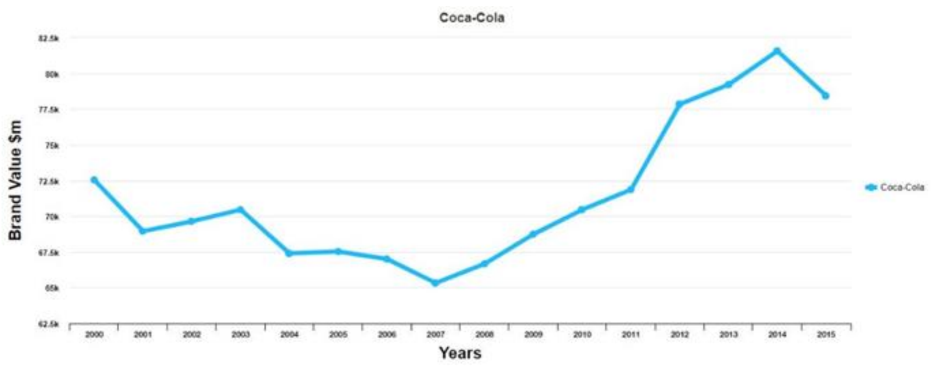
I. INTRODUCTION

Soft drink has been widely popular since 19th century. It was first was made as a development of carbonated drinks by Englishman Joseph Priestley (Bellis, 2017) the ingredients consist of carbonated water that mixed with several other ingredients such as sweetener, caffeine and other flavourings. Soft drink was named *soft* due to the fact that it contains less than 0.5% alcohol whereas it separated it from the *hard drink* such as whiskey (Humphreys, 2018).

Touching the subject of soft drink will always be reminded of the existence of Coca-Cola as it is the most popular soft drink (Bhasin H. , 2018). Shortened as *Coke*, this beverage is produced and marketed by The Coca-Cola Company, the beverage was invented by John Pemberton in the 19th century that later bought out to Asa Chandler that leads Coca-Cola became worldwide known. The Coca-Cola Company has on occasion introduced other cola drinks under the Coke name such as Diet Coke, along with others including Caffeine-Free Coca-Cola, Diet Coke Caffeine-Free, Coca-Cola Zero Sugar, Coca-Cola Cherry, Coca-Cola Vanilla, and special versions with lemon, lime, and coffee.

Throughout Asa Chandler's strategies in marketing leads Coca-Cola to outsold numerous amount bottled soda every year. According to InterBrand, Coca-Cola was the 3rd most valuable brand in 2015 just after Apple and Google (InterBrand, 2015a)

Figure 1: Coca Cola Brand Value



Source: (InterBrand, 2015b)

In this paper, it will be explained how The Coca-Cola Company able to manage their brand value. Studies and analysis on what kind of marketing strategies that The Coca Company came up with and used to manage their reputation despite having a reduction and significant fluctuation within years of their making the soft drinks.

II. LITERATURE REVIEW

II.1. MARKETING

II.1.1 THE 4P OF MARKETING MIX

Marketing is simplistically defined as 'Putting the right product in the right place, at the right price, at the right time' this definition sound very easy to do when actually it needs lots of research, survey and hard work to achieve this definition. If one of the element is gone, or the company fail to achieve, it will be a total failure for the product which will cost the company (Martin, 2014)

Marketing mix are the ingredients that combine to capture and promote a brand or product's unique selling points, those that differentiate it from its competitors (Purely Branded., 2018). The father of this thought was Neil H. Borden it was based on the anthology with a cake mix. E. Jerome McCarthy continued the Neil H. Borden years later and come up with a new model of the marketing mix 4Ps which he reduced from Neil H. Borden model called "the four 4Ps" consist of four components which is product, price, promotion and place (Management Mania, 2015).

II.1.2 PRODUCT

The Coca-Cola Company has the widest portfolio in beverage industry and it has over 3300 products. Beverages are divided into diet category, 100% juices, fruit drinks, water, energy drinks, tea and coffee, and many more product variations (Bhasin H. , 2017). The beverage is consumed by everyone with no age limit. Coca-Cola products are sold in various size and packaging. Coca-Cola has many kind of product packaging to attract broad range of consumers. The Coca-Cola company also provide several size options for customer to choose such as for the Coke, the company provide the Coke in 200ml, 500ml, 1 litre, 1.5 litre, and 2 litres bottles in cans, glass, and plastic bottles (MBASkool, 2017).

As per Nielson's data, Coca-Cola is the number one brand in sparkling beverages, juice, and retail packaged water in 2010. The Coca-Cola Company sold their products to over 200 countries worldwide. This also the reason why Coca-Cola positioning is really strong all around the world (Bhasin H. , 2017)Coca-Cola brand are Coca-Cola, Fanta, Sprite, Diet coke, Coca-Cola zero, Coca-Cola life, Dasani, Minute maid, Ciel, Power ade, Simply beverages, Coca-Cola light, Fresca, Glaceau vitamin water, del Valle, Glaceau smart water, Mello yello, Fuze, Fuze tea, Honest tea, Odwalla, and Powerade zero (The Coca Cola Company., 2018).

II.1.3 PRICE

The pricing strategy in Coca-Cola are varies due to the range of size and products, and also the prices are different from region to region, this could be because of the distribution process and demand of the products are different in every region. The Coca-Cola Company's pricing strategy is based on the competitor's pricing, related to this, Pepsi is the Coca-Cola Company's direct competitor (Bhasin H. , 2017)

The beverage market is considered as an oligopoly market since only two companies play a big role in this market which is The Coca-Cola Company and Pepsi. In oligopoly market system, there are only a few producers which produce the same product but the number of buyers are large thus, The Coca-Cola Company and Pepsi agreed on the cartel agreement where the two parties need to ensure to offer similar prices for their products to get a fair market share. However, the Coca-Cola Company offers discounts on bulk purchases by sometimes even bundling the products (MBASkool, 2017).

II.1.4 PLACE

Coca-Cola is a beverages leading brand, and one of world's most favourite brand for cola and are available all over the world. Coca-Cola has an extensive distribution channel making the products available in every corner in the world. In the markets, restaurants, hotels, Coca-Cola can easily find because of they have a very wide distribution channel and networking. The Coca-Cola Company produces the beverage using its secret formula and transports it to the bottlers located in various parts of the globe. The bottle shapes and sizes are predefined by the company. The bottlers then fill the bottles with the adequate beverage and then ship it to the carrying and forwarding agents. From there the bottles are transported by road to the stockists, then to the distributors and finally to the retailers from where the final consumers buy the products. Most of the times the goods from the distributor are transported to the wholesalers who distributes these to the retails according to the demand on regular basis (MBASkool, 2017).

II.1.5. PROMOTION

Due to the intense competition in the soda industry, Coca-Cola always try to advertise their products through every media and way they could reach. Every industry and brand realize that promotion plays a big role to reach more consumer because it will make a noise of the brand so the consumers are aware of the brand. Coca-Cola is really intense when they do the product's promotion, Coca-Cola promote the products by ad campaigns using media like TV, online ads, print media, sponsorships and other media. Coca-Cola engages in the following major sponsorship events like American Idol, BET Network, NASCAR, NBA, NCAA, Olympic Games, FIFA world cup etc. Coca-Cola also launches TV advertisements in various national languages across the globe (MBASkool, 2017).

Coca-Cola's marketing expenditure in 2016 was $4billion. It utilizes both traditional and modern channels to promote its brand and products. Coca-Cola do not waste the opportunity to gain more attention from the consumers through social media, Coca-Cola has their official account in social medias to connect with its fans and followers for customers engagement. People who are following the official account in the social media could see new promotions faster and easier. There are more than 1250 promotional videos of Coca-Cola on its official YouTube channel (Pratap, 2017). Coca-Cola promote the brands using the Company Social Responsibility (CSR) to gain emotional benefits in customers mind (Bhasin H. , 2017).

II.2. STP OF COCA-COLA COMPANY

STP has become one of the fundamental basics to market the company goods, The Coca-Cola Company is no different. Mixing their marketing and segmented Coca-Cola market has lead Coca-Cola to be the largest soft drink producers (Coca Cola Inc., 2018; Bellis, 2017). Below sub-chapters are explaining about the marketing mix of The Coca-Cola Company.

II.2.1. SEGMENTATION

Segmentation can make the brand definition of appropriate products to meet the needs of different types of customers. Through segmentation a brand able to differ their market to another thus resulting in the improvement of effectiveness and efficiency of the market. Innovative products and analysis SWOT model, for consumers to make a commitment and to learning from competitors, so that can attract more customers through taste and smell (Coca-Cola Journey, 2016).

Coca-Cola as a brand who " think global, act global" differs their segmentation throughout inter-market segmentation in which a group was formed to indicate the similarity of customers' needs, wants and desires with a dash of approaches segmentation such as demographics segmentation and psychographic segmentation that go depth to a segment of market that range from the gender, age, income etc. of their customers (Dutta, 2018; Kotler, 2016, p. 239)

II.3. TARGETING

Identifying a target market helps a company develop effective marketing communication strategies. A target market made into some certain unique characteristics that are going to be analysed within the company divisions resulting to a product that able to satisfy the need and desire of the customers. There are several benefits that leads to having a successfully targeted market. The most important ones are that a successful target market brings full potential that reducing on the effectiveness of cost the company made to produce goods (Hubbard, 2018)

Coca-Cola has been popular among the younger generation, they targeted products within the younger generation with range ages between 14 years old to 30 years old, Coca-Cola core motto was always recognized by the younger generation to be able having a constant innovation and staying up to date in accordance of the products throughout the years (Duuyuu, 2016).

Not only they introduced it to the younger generation, to even more expand their market Coca-Cola introduced a soft drink called OASIS targeting to the older people that cannot handle the carbohydrate drinks, And also it produces products like "Diet Coke, Coca-Cola Zero" for the health conscious people who avoid calories.

Figure 2: Demographic Buyers

Source: (InfoScout, 2015)

II.2. POSITIONING

Positioning on the market is an important aspect that every company need to analyse with minimum cost. Positioning is about how the brand will always the first choice of the customers (Kotler, 2016, p. 241). To build the positioning strategy it is needed to identify the possible value differences and competitive advantages. To value the competitive advantages is very important to offer greater value (Kotler, 2016, p. 244).

No exception for Coca-Cola a brand or an industry, if any one of them want a long-term sustainable development, a force that cannot be ignored is to expand the market demand for the younger generation. Coca-Cola has been popular on the younger generation as the soda drink that always *"with you on your hot days"*. They positioned their products on the places that are able to grab and purchased everywhere and anywhere making the products became so familiar in terms of positioning such as urban area like gas station.

Figure 3: Purchase of Coca-Cola

Source: (Infoscout, 2016)

With this brilliant positioning, it has highest chance for Coca-Cola to be purchased in urban areas. The location has been set, further writings will explain about how Coca-Cola would eventually target their products.

II.5. MARKETING STRATEGIES

II.5.1. DIGITAL MARKETING

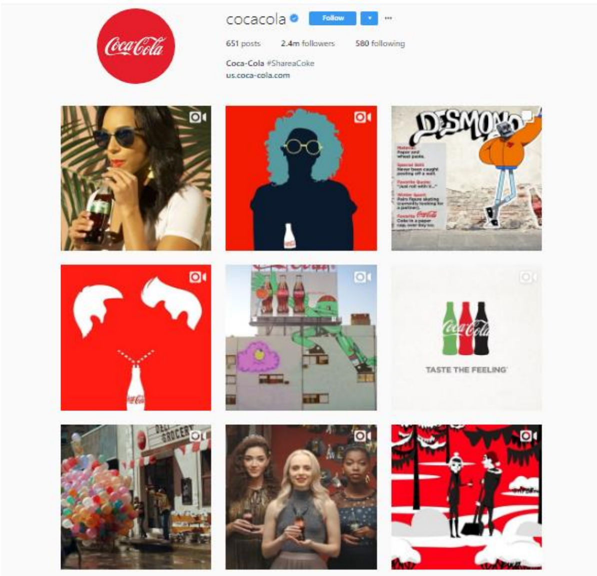
Digital marketing is a huge part of a company's success, not to mention, Coca-Cola's. Throughout Coca-Cola's successful journey, there's always an innovative, inspiring and exciting digital marketing behind it. And through its digital marketing, Coca-Cola has managed to become a signature drink for the American culture as well as being a global brand that symbolizes togetherness, fun and happiness in the lives of those who drink it. The following will be further explanations on the types and history of Coca-Cola's digital marketing journey (Wulff, 2016).

1I.5.2. SOCIAL MEDIA MARKETING

Ever since social media existed, it has provided a huge platform for many individuals and organizations to introduce and give information regarding their businesses and activities, one of them being promotion activities. Promoting in social networking media by posting interesting contents could attract customers and update existing consumers to new products and services of the company.

One of Coca-Cola's digital marketing strategies is also by taking advantage from the platform that is provided by social media. Through its social networking media on Instagram, @cocacola, as shown on Figure 1, the brand often uploads new and exciting contents to keep their followers (consumers) informed and reminded of the existence of the brand. Contents includes, videos, introducing new products, photoshoots of the products with brand ambassadors as well as following the trends and seasons of the year.

Figure 4: Coca-Cola's Instagram



Source: (Coca Cola Inc., 2018)

II.5.3. COMMERCIAL ADVERTISEMENTS

Commercial advertisements are advertising or promoting a brand, product or service through television or radio as the media of the advertisement. That means that commercials must consist of either a very short clip of video or a very short audio to show (or tell) the public viewers the product and services. This usually has a purpose to attract public viewers, educate viewers of the products or services, and demonstrate how to use them, or build the brand identity of the product as well as a way to position the brand in the viewers' minds. However, there are also some commercials that provide as little clue as possible to tease its viewers and make them buy the products only out of curiosity (John, 2017).

Coca-Cola is one the global brands that produces sensational commercial advertisements. One of its most popular commercials was from the '90s, "Always Coca-Cola", a simple and short clip yet with perfectly framed words of many activities relating to the other and lastly saying "whenever there's fun, there's always Coca-Cola". This style of commercial was very innovative and has been used also by many other brands ever since (Wulff, 2016).

II.5.4. PUBLIC RELATIONS

Coca-Cola has been relying on social media such as, Instagram and Twitter, for their public relation plan in conveying their Corporate Social Responsibility actions for the environmental and societal issues around them. For example, the company acknowledged the obesity issues and supporting anti-obesity by putting millions of dollars to the organizations as their involvement and contribution in the community. In the late of 2012, the company also launched a campaign called “Coming Together” to encourage consumers to count their calories they take in and the calories they burn. Coca-Cola uses videos that were streamed on a few big television channels as well as invited consumers to share their personal stories of their journey with the campaign (Oxford, 2015).

Another form of CSR campaigns that was done by Coca-Cola, particularly in Israel, was the “King of the Recycle” campaign to encourage teenagers to recycle their bottles on the 10,000 recycle bins spread across the country. This campaign was a collaboration with Facebook, where teenagers can check in on the bins’ locations and post photos or videos of them recycling their bottles to Facebook (Moth, 2013)

II.5.4. GUERILLA MARKETING

Guerrilla marketing is a type of marketing that goes for the unusual approaches of promotional strategies that requires minimum resources to achieve the maximum results. Coca-Cola has used this type of marketing to create a viral trend amongst its consumers, one of being the “#CokeMyName” and “Share A Coke” campaign. This campaign is about making the consumers feel all the more special with their bottle of Coke personalized with their names engraved to the bottle of the Coke. This went very viral globally in 2011 and 2015 because typically only celebrities would get their names engraved to a product but with this campaign the consumers could also feel the exclusivity of it. These campaigns caused Coca-Cola’s sales to increase by 7% (Moth, 2013; Mansoor, 2015).

Another form of guerrilla marketing by Coca-Cola was the Coca-Cola Happiness Machine which is classic Coke vending machines that also contains other treats such as drinks, pizza, flowers and sandwiches. What’s more unique is how the comers had to do in order to get anything out of the vending machines. For example, people had to hug the Coca-Cola Happiness Machine in Singapore for the goodies to come out of the vending machine and while another one in Belgium had to be activated by people dancing (Moth, 2013).

II.6. BRANDING

Branding involves every aspect of a customer’s experience, from your logo to your website, your social media posts, packaging and advertising; it even encompasses the way in which customer service answers the phone to how employees interact with customers. Basically, branding is the way in which customers perceives a company when they hear or think of a particular company’s name, service or product. This includes everything they think they know about the brand, including factual information, such as a packaging, but also emotive elements, like its’ luxuriousness.

II.6.1. THE IMPORTANCE OF BRANDING

Branding is important for a variety of reasons. Branding creates consumer preference for the product/service behind the brand. The multitude of choices in every category leads to confusion and uncertainty. With the rise of online retailer, consumers are exposed to a larger range of brands that fulfil the same needs. One way consumers deal with these issues is by gravitating towards brands they know and trust. Well-known brands are considered less risky purchases and provide the peace of mind that the product will perform as expected. Branding also generate increased revenues and market share.

A company can leverage the power of their brand in many ways, such as entering new segments and geographical markets, co-branding, gaining new distribution or brand licencing with a recognisable and proven name. Furthermore, branding may even help the company survive temporary crises. Toyota, a brand positioned on superior quality, has had some serious product quality issues in 2009, which generated a PR nightmare. However due to the many years of delivering on its “quality” brand promise the company managed weather the storm and restore confidence in their product.

Branding also prevent new competitors from entering the market. A market segment dominated by well-known brands is a serious barrier to entry for most new competitors. Being the first to create the segment helps tremendously. One of the strongest arguments for the importance of branding is the ability to increases profitability by commanding a higher price. Customers are in most cases willing to pay a premium for an established brand versus a no-name product. Branding helps create a unique and differentiated company image. A brand goes well beyond the tangible product or service being offered. Emotional attributes could be the perfect foundation of a strong differentiation strategy (Strategy New Media, 2017).

II.6.2. COCA-COLA’S BRANDING STRATEGIES

II.6.2.A. PACKAGING

One of Coca-Cola’s branding strategy is to unify the packaging and branding of their colas in order to achieve brand recognition without compromising on advertising each cola’s unique selling point. As of May 2015, in Great Britain the three colas under the Coca-Cola brand is marketed under the Coca‑Cola brand titled the “One Brand” packaging strategy, allowing Diet Coke and Coca‑Cola Zero Sugar to benefit from its widespread appeal. Coca-Cola promoted the different characteristics of each variant, as well as giving black, silver and green colours a greater presence in Coca‑Cola advertising. The strategy also played an important part in the Coca-Cola system’s goal to achieve more than 50% of Coca‑Cola sales from lower or no calorie colas in Great Britain by 2020 (Hepburn, 2015).

In 2017, Coca-Cola introduced the “One Brand” packaging across all its cans and bottles in Australia. Speaking at an event in Sydney, Coca-Cola's James Sommerville, vice president of global design and the architect of the design, says the brand was being diluted in store and on shelf with the different designs across Coke Zero, Coke Life and Diet Coke. The change to cans and bottles means the Coca-Cola original, Diet Coke, Coke Zero and Coke Life variants will all adopt the 'red disk' branding assets across every element of packaging. The packaging has been rolling out globally since April 2016 when it first arrived in Mexico after significant testing phase. The 'one brand' marketing strategy was introduced to bring each of the variants under one cohesive approach, rather than treating each as a distinct sub-brand (Baker, 2017).

Figure 5: Coca-Cola "One Brand" Packaging

Source: (Hepburn, 2015)

Figure 5 illustrates the new packaging introduced to strengthen the brand's recognisability without losing each cola's specific selling points. The all-red packaging is reminiscent of the classic coke that has become iconic for decades in the past, the black packaging is used to visualize coke's zero sugar line, and the silver packaging refers to coke's diet coke which has been recognizable since its' introduction to the Coca-Cola line.

II.6.2.B. THE EVERYDAY BRAND AMBASSADORS

In 2012, Coca-Cola acquired Taylor Swift as the brand ambassador for their Diet Coke beverage however, in more recent years Coca-Cola has shifted from celebrities as brand ambassadors to everyday people with inspiring stories to strengthen the brand's sense of community to the global population and inspiration beyond fame and face recognisability. The Coca-Cola Ambassador program highlights a global spotlight on some of the most compelling and inspiring people from around the world. From flood clean-up to innovative waste reduction efforts to helping the disabled, Coca-Cola Ambassadors lead by example in creating real and lasting value in their communities. Coca-Cola not only employ celebrities to build up the brand's name, they also spotlight everyday people to inspire the general public as well as build the brand's image to appear as the brand that cares about global issues and their consumers from around the world (The Coca Cola Company, 2016).

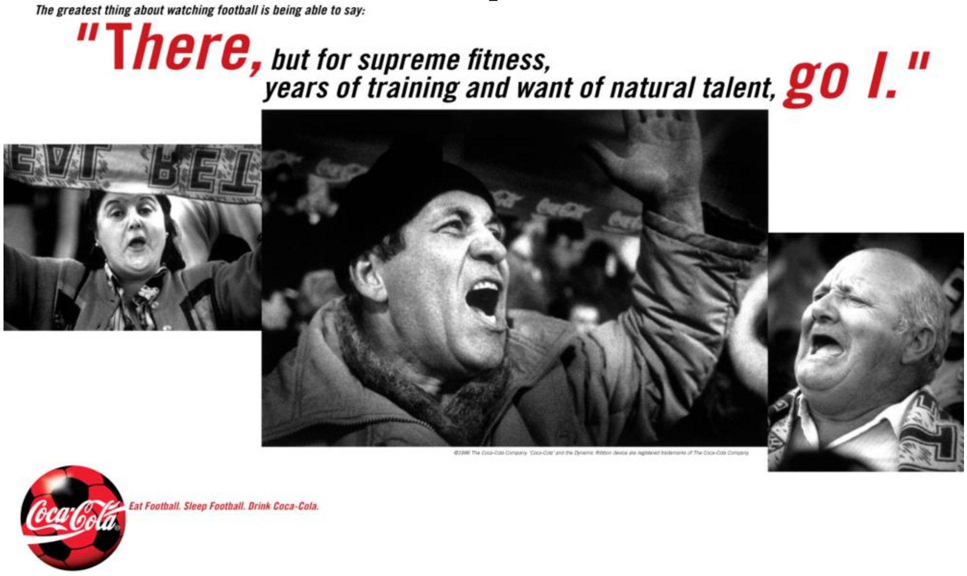
II.6.2.C. GLOBAL BRANDING, LOCAL MARKETING

The Coca-Cola company is one of the biggest proponent of the 'think globally, act locally' marketing strategy. This can be seen in the brand's tv campaigns, packaging, and print advertisements. A more local marketing strategy will allow the company to satisfy local customers in each market they operate by devising and implementing according strategies. A 'think globally, act locally' marketing strategy invites local customers into the brand's community and invokes a sense of understanding between the brand and the population. Releasing Ramadhan inspired packaging, during the month of Ramadhan, in countries with a large Muslim population will make customers either consciously or subconsciously that the brand is thinking of them and their lives.

The Coca-Cola Company has applied this strategy for decades. In the summer of 1996, Coca-Cola released a specifically English print and digital advertisements revolving around Euro 96. Ian Rowden, the vice-president and director of advertising for Coca-Cola, says that "We agreed collectively that localising football work in the UK was right for the business and approved the appointment of Wieden and Kennedy." The result was Wieden and Kennedy's "eat football, sleep football, drink Coca-Cola" commercials, which dominated the strategy.

Figure 6 visualise the campaign that has become very popular and iconic in Britain, the “Eat football, sleep football, drink Coca-Cola” campaign. The advertisement was released alongside a TV advert that is played during matches to further maximise the feeling the brand wants to invoke. Print advertising carries the theme on with copy lines that both appeal to terrace humour and capture the British passion for the game of football (Martin M. , 1997)

Figure 6: Coca-Cola’s “Eat Football, Sleep Football, Drink Coca-Cola” Campaign



Source: (Dignam, 1996)

A more recent example of The Coca-Cola company’s local-headed marketing is its’ Nawaazi campaign, which launched five TV commercials under the 'Coke Nawaazi' campaign in 2016. The TV advertisements, conceptualised by McCann India, focus on the 'desi' insights of how an Indian guest ('mehmaan' in Hindi) reacts after being offered something to drink. 'Mehmaan Ke Har Nakhre Ka Jawab Hai Coke Ka Glass', says the voiceover in all five commercials. 2 of the campaigns are illustrated in figure 7. A Coca-Cola India's spokesperson says, "The five ad films are built around everyday moments and real-life instances. We looked at an exhaustive list and narrowed down on the five occasions that were pretty commonplace. We believe the five scenarios are first-hand experiences of consumers, and are therefore, quite relatable. We always try to create the campaign by building on moments and occasions relevant to the Indian context while highlighting the brand's universal appeal. (Ramnath, 2016)"

Figure 7: Coca-Cola Nawaazi Campaign

Source: (Ramnath, 2016)

III. DATA ANALYSIS

III.1. COCA-COLA FINANCIAL DATA

Table below is the financial data of Coca-Cola from 2015 to 2017, further discussion and factors that affected the performance of their company.

Figure 7: Financial Reports of Coca-Cola (In Million)

Year Ended December 31,	2017	2016	2015	Percent Change 2017 vs. 2016	Percent Change 2016 vs. 2015
(In millions except percentages and per share data)					
NET OPERATING REVENUES	**$ 35,410**	$ 41,863	$ 44,294	**(15)%**	(5)%
Cost of goods sold	**13,256**	16,465	17,482	**(19)**	(6)
GROSS PROFIT	**22,154**	25,398	26,812	**(13)**	(5)
GROSS PROFIT MARGIN	**62.6%**	60.7%	60.5%		
Selling, general and administrative expenses	**12,496**	15,262	16,427	**(18)**	(7)
Other operating charges	**2,157**	1,510	1,657	**43**	(9)
OPERATING INCOME	**7,501**	8,626	8,728	**(13)**	(1)
OPERATING MARGIN	**21.2%**	20.6%	19.7%		
Interest income	**677**	642	613	**6**	5
Interest expense	**841**	733	856	**15**	(14)
Equity income (loss) — net	**1,071**	835	489	**28**	71
Other income (loss) — net	**(1,666)**	(1,234)	631	**(35)**	*
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	**6,742**	8,136	9,605	**(17)**	(15)
Income taxes from continuing operations	**5,560**	1,586	2,239	**251**	(29)
Effective tax rate	**82.5%**	19.5%	23.3%		
NET INCOME FROM CONTINUING OPERATIONS	**1,182**	6,550	7,366	**(82)**	(11)
Income from discontinued operations (net of income taxes of $47, $0 and $0, respectively)	**101**	—	—	*****	*
CONSOLIDATED NET INCOME	**1,283**	6,550	7,366	**(80)**	(11)
Less: Net income attributable to noncontrolling interests	**35**	23	15	**55**	45
NET INCOME ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	**$ 1,248**	$ 6,527	$ 7,351	**(81)%**	(11)%
BASIC NET INCOME PER SHARE[1]	**$ 0.29**	$ 1.51	$ 1.69	**(81)%**	(11)%
DILUTED NET INCOME PER SHARE[1]	**$ 0.29**	$ 1.49	$ 1.67	**(81)%**	(10)%

Source: (The Coca Cola Company, 2017)

- Net Operating Revenue

There are several reasons why the Net Operating Revenue of Coca-Cola kept decreasing throughout the years, the main reason is because there's a currency appreciation of US in the segmented countries. Currency appreciation of the USD meaning that the foreign currency will eventually face with higher rate of exports rather than imports (Hayes, 2016), this event happened due to the fluctuations and government plays in order to increase the exports and maintain limited number of imports.

$$Net\ Operating\ Revenue\ 2017 = \$\ 41{,}863 - \$\ 35{,}410 = \$6{,}453$$

This means that for Net Operating Revenue from 2016 to 2017, Coca Company NOR has decreased by 15%.

- Gross Profit Margin

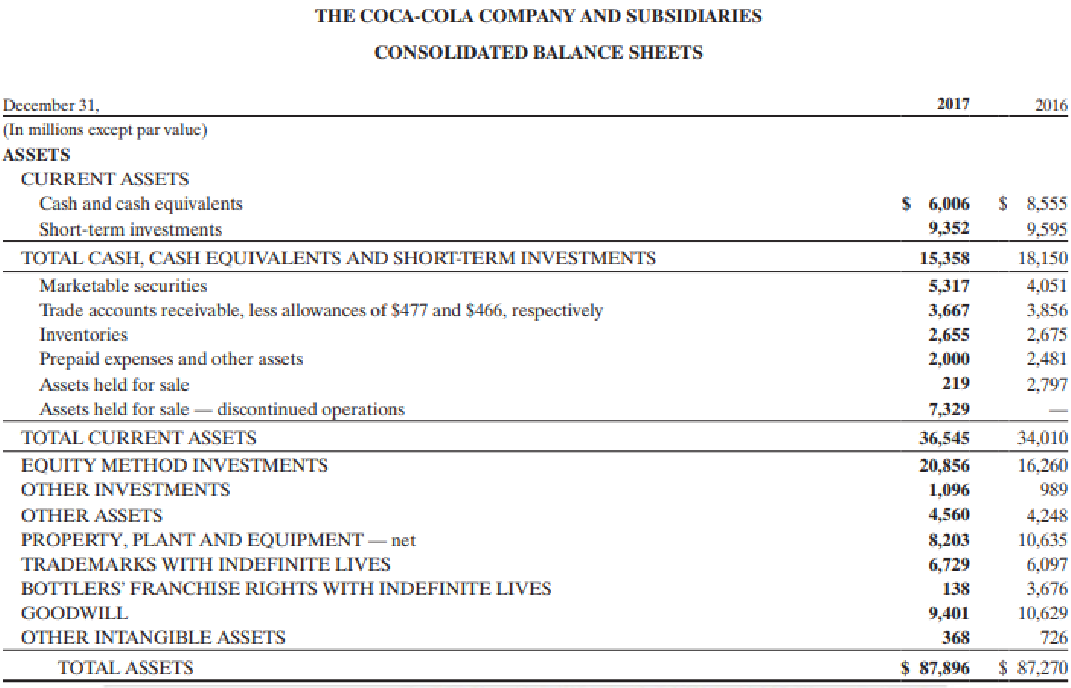
Gross margin reflect what a company earns from its sales. Both are determined with information from a company's income statement. Gross profit is determined by subtracting cost of goods sold from net sales on the income statement. This metric shows how well a company allocates and uses its resources. This factor determined the condition of the financial stability as well as financial health of the company (Investopedia, 2017).

For the Coca-Cola Company, it can be told that Coca-Cola earned an increasing amount of profit margin from 2015 and 2017 as seen from the figure 8 in the financial report of Coca Cola, this indicates that although that the revenue of the Coca-Cola throughout the years are keep decreasing, Coca-Cola managed to maintain the growth as well as the stability of the financial company. As mentioned above about the changes in depreciation in foreign country may lead for the increasing number of goods Coca-Cola able to export.

- Current Ratio

The need to calculate current ratio is because the value of it can be use as financial ratio to calculate the ability of the firm for investment (Investopedia, 2018). The result of current ratio can also act as an indicator for an ability of the firm to be able to convert the current liabilities that are covered by assets; which are cash, marketable securities, accounts receivable, and inventories (Brigham, Houston, Jun-Ming, Kee, & Bany-Ariffin, 2010).

Figure 8: The Total Assets of Coca-Cola



THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31,	2017	2016
(In millions except par value)		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 6,006	$ 8,555
Short-term investments	9,352	9,595
TOTAL CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	15,358	18,150
Marketable securities	5,317	4,051
Trade accounts receivable, less allowances of $477 and $466, respectively	3,667	3,856
Inventories	2,655	2,675
Prepaid expenses and other assets	2,000	2,481
Assets held for sale	219	2,797
Assets held for sale — discontinued operations	7,329	—
TOTAL CURRENT ASSETS	36,545	34,010
EQUITY METHOD INVESTMENTS	20,856	16,260
OTHER INVESTMENTS	1,096	989
OTHER ASSETS	4,560	4,248
PROPERTY, PLANT AND EQUIPMENT — net	8,203	10,635
TRADEMARKS WITH INDEFINITE LIVES	6,729	6,097
BOTTLERS' FRANCHISE RIGHTS WITH INDEFINITE LIVES	138	3,676
GOODWILL	9,401	10,629
OTHER INTANGIBLE ASSETS	368	726
TOTAL ASSETS	$ 87,896	$ 87,270

	Dec 30, 2017	Dec 31, 2016	Dec 26, 2015	Dec 27, 2014	Dec 28, 2013
Selected Financial Data (USD $ in millions)					
Current assets	31,027	27,089	23,031	20,663	22,203
Current liabilities	20,502	21,135	17,578	18,092	17,839
Ratio					
Current ratio[1]	1.51	1.28	1.31	1.14	1.24

Source: (Coca Cola Inc., 2018)

Figure 9: Total Liabilities of Coca-Cola Inc.

LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	**$ 8,748**	$ 9,490
Loans and notes payable	**13,205**	12,498
Current maturities of long-term debt	**3,298**	3,527
Accrued income taxes	**410**	307
Liabilities held for sale	**37**	710
Liabilities held for sale — discontinued operations	**1,496**	—
TOTAL CURRENT LIABILITIES	**27,194**	26,532
LONG-TERM DEBT	**31,182**	29,684
OTHER LIABILITIES	**8,021**	4,081
DEFERRED INCOME TAXES	**2,522**	3,753
THE COCA-COLA COMPANY SHAREOWNERS' EQUITY		
Common stock, $0.25 par value; Authorized — 11,200 shares; Issued — 7,040 and 7,040 shares, respectively	**1,760**	1,760
Capital surplus	**15,864**	14,993
Reinvested earnings	**60,430**	65,502
Accumulated other comprehensive income (loss)	**(10,305)**	(11,205)
Treasury stock, at cost — 2,781 and 2,752 shares, respectively	**(50,677)**	(47,988)
EQUITY ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	**17,072**	23,062
EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**1,905**	158
TOTAL EQUITY	**18,977**	23,220
TOTAL LIABILITIES AND EQUITY	**$ 87,896**	$ 87,270

Source: (Coca Cola Inc., 2018)

$$\text{Current Ratio} = \frac{Current\ Assets}{Curret\ Liabilities}$$

$$Current\ Ratio = \frac{\$\ 36{,}545}{\$\ 27{,}194} = 1.3\text{x}$$

By having 1.3 x as the current ratio, it means that The Coca-Cola Company is having a greater value of current ratio than industry average which is 0.76 (Money Control, 2017).

- Quick Ratio

The second liquidity that needed to consider is quick ratio. This ratio is quite critical for investor to make a decision rather to invest to this company or not. The value of quick ratio is needed so the investors are able to see the ability of its firm to pay off debt without the inventories, due the fact that inventories took a long time to be liquid (Brigham, Houston, Jun-Ming, Kee, & Bany-Ariffin, 2010). Still taking account for the data in Figure 9 and Figure 10 as follows:

Figure 11: Total Inventories of Coca-Cola Company

December 31,	**2017**	2016
Raw materials and packaging	**$ 1,729**	$ 1,565
Finished goods	**693**	844
Other	**233**	266
Total inventories	**$ 2,655**	$ 2,675

Source: (Coca Cola Inc., 2018)

$$Quick\ Ratio = \frac{Current\ Assets - Invetories}{\text{Current Liabilities}}$$

$$Quick\ Ratio = \frac{\$\ 36{,}545 - \$\ 2655}{\$\ 27{,}194} = 1.24\ x$$

- Inventory Turnover Ratio

This ratio indicated the firm ability to sell and produce their inventory to how fast it is turning over during the year of selling.

$$\text{Inventory Turnover} = \frac{Sales}{\text{Inventories}}$$

$$Inventory\ Turnover = \frac{\$\ 22154}{\$\ 2655} = 8.34\ x$$

This indicates that The Coca-Cola Company able to sold and restocked or 'turned over' their assets for 8.34x per year.

- Debt to Total Assets Ratio

This ratio calculation is to calculate by how many percentages the firm is being financed by its debt and how many percentage is by its equity.

$$Debt\ to\ Total\ Assets\ Ratio = \frac{Total\ Liabilities}{Total\ Assets}$$

$$Debt\ to\ Total\ Assets\ Ratio = \frac{\$68{,}919}{\$87{,}896} \times 100 = 78{,}4\%$$

Based on the result above, we can conclude that 78,4% of Coca-Cola Inc. is being financed by its liability or debts. This means that the firm is being funded mostly by its creditors rather than by its investors, which is only 21,6%. A firm should at least have a 40% or lower debt ratio to maintain its own ability in order to pay its debts. A debt ratio higher than 60% makes a firm more difficult to borrow more money however a company is big enough, they are more likely to have negotiable relationships with their lenders.

- Times Interest Earned Ratio

Times Interest Earned or TIE is to calculate a firm's interest coverage ratio that measures the firm's ability to pay its interest expenses of its debts.

$$Times\ Interest\ Earned\ (TIE) = \frac{Operating\ Income\ (EBIT)}{Interest}$$

$$TIE = \frac{\$7{,}501}{\$841} = 8{,}9x$$

From the TIE ratio that we have calculated, we shall conclude that Coca-Cola Inc. is able to cover its interest expenses for 8,9x of its Operating Income or EBIT (Earnings before Interest and Taxes).

- Earnings per Share

EPS (Earnings per Share) is to measure the portion of a firm's profit that is allocated to each of the outstanding shares of common stock that could indicate the firm's health from its investor's earnings.

Figure 12: Coca-Cola Company's Common Stock Outstanding

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY

Year Ended December 31,	**2017**	2016	2015
(In millions except per share data)			
EQUITY ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY			
NUMBER OF COMMON SHARES OUTSTANDING			
Balance at beginning of year	**4,288**	4,324	4,366
Treasury stock issued to employees related to stock compensation plans	**53**	50	44
Purchases of stock for treasury	**(82)**	(86)	(86)
Balance at end of year	**4,259**	4,288	4,324

Source: (Coca Cola Inc., 2018)

$$Earnings\ per\ Share\ (EPS) = \frac{Net\ Income}{Number\ of\ Outstanding\ Shares}$$

$$EPS = \frac{\$1,283}{4,259}$$

$$= \$0,30\ per\ share$$

The result of Coca-Cola Inc.'s EPS indicates that for each of the outstanding shares of common stock gives a $0,30 return to its investors.

III.2. COCA-COLA VS OTHER SOFT DRINK BRANDS

III.2.1.COCA-COLA VS PEPSI

PepsiCo Inc. is a leading food and beverage company that has been manufactures and distributes its products in more than 200 countries for more than 50 years. PepsiCo has six global divisions both independent and in conjunction with third parties, make, market, distribute and sell a wide variety of food and beverages. PepsiCo portfolio includes food and beverage products. PepsiCo food products are chips, flavored snacks, cereals, rice, pasta and dairy-based products. PepsiCo beverages includes carbonated soft drinks, juices, ready-to-drink tea and coffee, sports drinks and bottled water.

PepsiCo headquarter is located in Purchase, New York and PepsiCo employs around 274.000 people worldwide. In the food industry, PepsiCo's rivals are ConAgra Foods, Kellogg Company, Kraft Foods Group Inc., Mondelez International Inc., Snyder's-Lance Inc., and Nestle S.A (PepsiCo, 2018). While in the non-alcoholic beverage industry, The Coca-Cola Company is PepsiCo's closest rival that is why it is very interesting to discuss about both company ability to maintain its company in a long run while both company keep competing. By conducting a financial ratios comparison for both company, investor could have better visions of which company is better to be invested in.

- Net Operating Revenue

PepsiCo financial statements that can be used to calculate the Net Operating Revenue (NOR) of the company is as follows:

Figure 13: PepsiCo Consolidated Financial Statements

	2017	2016	2015
Net Revenue	**$ 63,525**	$ 62,799	$ 63,056
Cost of sales	**28,785**	28,209	28,731
Gross profit	**34,740**	34,590	34,325
Selling, general and administrative expenses	**24,231**	24,805	24,613
Venezuela impairment charges	—	—	1,359
Operating Profit	**10,509**	9,785	8,353

Source: (PepsiCo, 2017)

The NOR of PepsiCo shows a decreased of $726 for the company 2017 Net Operating Revenue that is calculated from:

$$Net\ Operating\ Revenue\ 2017 = \$63525 - \$62799 = \ \$726$$

This means, PepsiCo Net Operating revenue is increased for about 1.15%. On the other hand, Coca Cola Company experienced the opposite condition with PepsiCo. PepsiCo is better in their NOR than the Coca Cola Company since the number of their NOR increased for 1.15% from 2016 to 2018 that indicates that PepsiCo could generate revenue and control PepsiCo costs from its operating activity better than the Coca Cola Company. Many factors could affect this ratio about the increase of company NOR such as a better marketing activity and also increase the company efficiency.

- Gross Profit Margin

The table below is the consolidated financial statements of PepsiCo for several previous years:

Figure 14: PepsiCo Consolidated Financial Statements

	2008-12	2009-12	2010-12	2011-12	2012-12	2013-12	2014-12	2015-12	2016-12	2017-12	TTM
Revenue USD Mil	43,251	43,232	57,838	66,504	65,492	66,415	66,683	63,056	62,799	63,525	63,525
Gross Margin %	52.9	53.5	54.1	52.5	52.2	53.0	53.2	54.4	55.1	54.7	54.7
Operating Income USD Mil	6,959	8,044	8,332	9,633	9,112	9,705	9,581	9,712	9,785	10,509	10,509
Operating Margin %	16.1	18.6	14.4	14.5	13.9	14.6	14.4	15.4	15.6	16.5	16.5

Source: (PepsiCo, 2017)

From the data above, the GP margin of PepsiCo for 2017 is 54.7% which decreased from the 2016 GP margin. While the Coca Cola Company GP margin for 2017 is 62.6%. In the perspective of the GP margin ratio, the Coca Cola Company is leading which means, the Coca Cola Company has money left to cover their fix assets because the Coca Cola Company is more efficient in manufacturing and distribution processes.

- Current Ratio

The data below shows some financial data of PepsiCo. Focusing on their current ratio of PepsiCo with a formula of current asset divided with its current liability for 2017 and the result is 1.51x which is bigger compared to one of its competitor, the Coca Cola Company that gained 1.3x. The data could be seen in the table below:

Figure 15: Pepsi Co Financial Ratios

Liquidity/Financial Health	2008-12	2009-12	2010-12	2011-12	2012-12	2013-12	2014-12	2015-12	2016-12	2017-12	Latest Qtr
Current Ratio	1.23	1.44	1.11	0.96	1.10	1.24	1.14	1.31	1.28	1.51	1.51
Quick Ratio	0.79	1.00	0.80	0.62	0.80	0.93	0.85	1.05	1.08	1.29	1.29
Financial Leverage	2.98	2.38	3.23	3.55	3.35	3.20	4.05	5.86	6.71	7.36	7.36
Debt/Equity	0.65	0.44	0.95	1.00	1.06	1.00	1.37	2.46	2.72	3.12	3.12

Source: (PepsiCo, 2017)

From the data of PepsiCo financial analysis and comparison above, the higher current ratio of a company, the more liquid their company is. One thing to remember, a too high current ratio is also not a good indicator since it could be because the current asset that the company have are actually investable to generate more profits rather than keep it liquid. PepsiCo number of current asset is still acceptable since it is not too high and the difference between the Coca Cola Company is not too high.

- Quick Ratio

The quick ratio of PepsiCo that could be draw out from the figure 15 is 1.29x and the Coca Cola Company quick ratio is 1.24x. The number of PepsiCo quick ratio is slightly higher than the Coca Cola Company's that indicates that both companies are likely to be able to meet their short-term obligations because they have enough assets to cover its short-term financial obligations.

- Inventory Turn Over Ratio

The table below shows PepsiCo asset management ratios:

Figure 16: PepsiCo Asset Utilization Ratios

Receivables Turnover	10.58	11.07	11.18	10.05	10.10	10.86	11.12	11.15	11.21	10.89	10.89
Inventory Turnover	8.46	7.82	8.87	8.78	8.45	8.94	9.43	9.68	10.37	10.15	10.15
Fixed Assets Turnover	3.78	3.55	3.65	3.43	3.37	3.52	3.72	3.76	3.82	3.76	3.76
Asset Turnover	1.22	1.14	1.07	0.94	0.89	0.87	0.90	0.90	0.87	0.83	0.83

Source: (PepsiCo, 2017)

PepsiCo Inventory turnover is 10.15x per year which means PepsiCo restock their inventory 10.15x per year or almost once every month. This number is higher than the Coca Cola Company inventory turnover which is 8.34x per year, which means PepsiCo has more demand than the Coca Cola Company since its inventory is generates revenue more often than the Coca Cola Company.

- Debt to Total Asset Ratio

PepsiCo debt to total asset ratio is 48.05% that still considered as safe because it is not more than 60% thus the chance for the company to be able to payback its debts are high. The table below shows PepsiCo debt management ratios:

Figure 17: PepsiCo Debt Management Ratios

Total Debt to Total Equity	355.65
Total Debt to Total Capital	78.30
Total Debt to Total Assets	48.05
Long-Term Debt to Equity	305.98
Long-Term Debt to Total Capital	67.36

Source: (PepsiCo, 2017)

While PepsiCo Debt to total asset ratio is still in the safe range, the Coca Cola Company debt to total asset ratio is much higher than the PepsiCo which is 74.4%, this high number of debt to total asset ratio indicates that most of the Coca Cola Company's assets are financed with debts which is too much since it is better for a company not to finance its assets with debt for more than 60%. In this case, it is very risky for the investors to invest in the Coca Cola Company because they have to pay a high number of interest for its debts.

- Times Interest Earned Ratio

Times Interest Earned (TIE) ratio of a company is a very important measurement for investors and especially lenders since it shows a company ability to pay its debt interests. PepsiCo TIE is 9.34x while its debt to asset ratio is about 48.05%. On the other hand, the Coca Cola Company TIE ratio is 8.9x while its debt to asset ratio is 74.4%. The table below shows the profitability ratios of PepsiCo:

Figure 18: PepsiCo Profitability Ratios

Profitability	2008-12	2009-12	2010-12	2011-12	2012-12	2013-12	2014-12	2015-12	2016-12	2017-12	TTM
Tax Rate %	26.76	25.99	23.01	26.85	25.17	23.66	25.11	26.08	25.42	48.89	48.89
Net Margin %	11.87	13.74	10.92	9.68	9.42	10.14	9.75	8.64	10.07	7.64	7.64
Asset Turnover (Average)	1.22	1.14	1.07	0.94	0.89	0.87	0.90	0.90	0.87	0.83	0.83
Return on Assets %	14.54	15.66	11.69	9.13	8.37	8.85	8.79	7.77	8.79	6.31	6.31
Financial Leverage (Average)	2.98	2.38	3.23	3.55	3.35	3.20	4.05	5.86	6.71	7.36	7.36
Return on Equity %	34.94	41.21	33.33	30.89	28.84	28.96	31.24	37.20	55.14	44.32	44.32
Return on Invested Capital %	25.34	27.54	19.69	15.04	13.84	14.07	14.22	13.38	15.55	11.00	11.00
Interest Coverage	22.34	21.35	10.12	11.32	10.24	10.76	10.63	8.67	7.37	9.34	9.34

Source: (PepsiCo, 2017)

From the data and comparison of both companies above, both companies are able to cover its interest for a year because for PepsiCo, the company's income is 9.34x higher than its interest debt. While on the other hand, the Coca Cola Company income is 8.9x higher than its interest debt. The Coca Cola Company TIE seems lower than PepsiCo because its debts is far higher than PepsiCo but even though the Coca Cola Company's debt to total asset ratio is almost double the number of PepsiCo debt to total asset ratio, it still manages to get a higher number income compared to its high debt to asset ratio.

- Earnings Per Share

Earnings Per Share (EPS) is one of the indicators that carefully considered by investors, the bigger the number of company EPS, the better it is because it will determine the amount of dividend that investors will get. Based on the figure 19, PepsiCo EPS in 2017 is $3.40 while the Coca Cola Company EPS in 2017 is $0.30.

Figure 19: PepsiCo Common Share Earnings

Net Income Attributable to PepsiCo per Common Share			
Basic	**$ 3.40**	$ 4.39	$ 3.71
Diluted	**$ 3.38**	$ 4.36	$ 3.67
Weighted-average common shares outstanding			
Basic	**1,425**	1,439	1,469
Diluted	**1,438**	1,452	1,485
Cash dividends declared per common share	**$ 3.1675**	$ 2.96	$ 2.7625

Source: (PepsiCo, 2017)

The number of dividend that investors will get is highly depending on the company EPS ratio. The number of these two companies EPS have a high number of difference. The higher one which is PepsiCo EPS indicates the company is having higher earnings, strong financial position and a reliable company to be invested in compared to the Coca Cola Company.

III.2.2.COCA-COLA VS DR PEPPER

Dr. Pepper is one of the product of the Dr. Pepper Snapple Group. Dr. Pepper Snapple Group is a leading producer of flavored beverages in North America and the Caribbean, Dr. Pepper Snapple Group success is fuelled by more than 50 brands, Dr. Pepper Snapple Group have 7 of the top 10 non-cola soft drinks, and 9 of their 10 leading brands are No. 1 or No. 2 in their flavor categories (Dr. Pepper Snapple Group, 2018). Dr. Pepper also one of the top favorite sodas or soft drinks in the world in 2017 competing with Coca Cola.

- Net Operating Revenue

Dr. Pepper Snapple Group financial statement that can be used to calculate Net Operating Revenue:

Figure 20: Dr. Pepper Snapple Group Consolidated Statement of Income

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(in millions, except per share data)	**2017**	**2016**	**2017**	**2016**
Net sales	**$ 1,740**	$ 1,680	**$ 5,047**	$ 4,862
Cost of sales	**707**	683	**2,032**	1,955
Gross profit	**1,033**	997	**3,015**	2,907

Source: (Dr. Pepper Snapple Group, 2017c)

The Net Operating Revenue of Dr. Pepper Snapple Group shows a decreased of $60 for the company 2017 Net Operating Revenue that is calculated from:

$$Net\ Operating\ Revenue\ 2017 = \$1740 - \$1680 = \ \$60$$

This means Dr. Pepper Snapple Group Net Sales increased 5% in the quarter on 2% increase in sales volume and higher pricing. While Coca Cola Company experienced the opposite from Dr. Pepper Snapple Group. Dr. Pepper Snapple Group has a better NOR than Coca Cola Company because Coca Cola Company NOR from 2016 – 2017 decreased 15% while Dr. Pepper Snapple Group increase their NOR 5% in the quarter on 2% increase in sales volume and higher pricing. Which means that Dr. Pepper Snapple Group could generate sales and control Dr. Pepper Snapple Group costs from its operating activity better than Coca Cola Company.

- Gross Profit Margin

The table below is consolidated financial statement of Dr. Pepper Snapple Group for the nine months ended September 30, 2017.

Figure 21: Dr. Pepper Snapple Group Reconciliation of Net Income to Core Earnings

RECONCILIATION OF NET INCOME TO CORE EARNINGS - (Continued)
(Unaudited, in millions, except per share data)

	For the Nine Months Ended September 30, 2017					
	Reported	Mark to Market	Transaction & Integration Expenses	Loss on Early Extinguishment of Debt	Total Adjustments	Core
Cost of sales	$ 2,032	$ 20	$ —	$ —	$ 20	$ 2,052
Gross profit	3,015	(20)	—	—	(20)	2,995
Gross margin	59.7 %	(0.4)%	—%	—%	(0.4)%	59.3 %
Selling, general and administrative expenses	$ 1,944	$ (10)	$ (21)	$ —	$ (31)	$ 1,913
Income from operations	1,025	(10)	21	—	11	1,036
Operating margin	20.3 %	(0.2)%	0.4%	—%	0.2 %	20.5 %
Interest expense	$ 124	$ 1	$ (1)	$ —	$ —	$ 124
Loss on early extinguishment of debt	62	—	—	(62)	(62)	—
Income before provision for income taxes and equity in earnings of unconsolidated subsidiaries	848	(11)	22	62	73	921
Provision for income taxes	279	(4)	8	21	25	304
Effective tax rate	32.9 %	— %	—%	0.1%	0.1 %	33.0 %
Net income	$ 568	$ (7)	$ 14	$ 41	$ 48	$ 616
	Reported EPS					Core EPS
Diluted earnings per common share	$ 3.09	$ (0.04)	$ 0.08	$ 0.23	$ 0.27	$ 3.36
					FX Translation	—
					Currency Neutral Core EPS $	3.36

Source: (Dr. Pepper Snapple Group, 2017a)

Figure 22: Dr. Pepper Snapple Group Reconciliation of Net Income to Core Earnings

RECONCILIATION OF NET INCOME TO CORE EARNINGS - (Continued)
(Unaudited, in millions, except per share data)

	For the Nine Months Ended September 30, 2016					
	Reported	Mark to Market	Extinguishment Gain	Legal Entity Restructuring	Total Adjustments	Core
Cost of sales	$ 1,955	$ 21	$ —	$ —	$ 21	$ 1,976
Gross profit	2,907	(21)	—	—	(21)	2,886
Gross margin	59.8 %	(0.4)%	—%	— %	(0.4)%	59.4 %
Selling, general and administrative expenses	$ 1,739	$ 20	$ —	$ —	$ 20	$ 1,759
Income from operations	1,098	(41)	—	—	(41)	1,057
Operating margin	22.6 %	(0.9)%	—%	— %	(0.9)%	21.7 %
Other income, net	$ (25)	$ —	$ 21	$ —	$ 21	$ (4)
Income before provision for income taxes and equity in earnings of unconsolidated subsidiaries	1,026	(41)	(21)	—	(62)	964
Provision for income taxes	343	(15)	(9)	17	(7)	336
Effective tax rate	33.4 %	(0.1)%	(0.1)%	1.7 %	1.5 %	34.9 %
Net income	$ 682	$ (26)	$ (12)	$ (17)	$ (55)	627
	Reported EPS					Core EPS
Diluted earnings per common share	$ 3.64	$ (0.13)	$ (0.07)	$ (0.09)	$ (0.29)	$ 3.35

Source: (Dr. Pepper Snapple Group, 2017b)

From the data above, the Gross Profit Margin of Dr. Pepper Snapple Group in 2017 is 59.7%, while Dr. Pepper Snapple Group Gross Profit Margin in 2016 is 59.8%. Which means it has reduce 0.1%. On the other hand, Coca Cola Company Gross Profit Margin is 62.6% in 2017 and 60.7% in 2016, which means in a year Coca Cola Company increase 1.9%. This means the Coca Cola Company is more efficient in manufacturing and distribution processes than Dr. Pepper Snapple Group.

- Current Ratio

The data below shows part of Dr. Pepper Snapple Group Financial Report Third Quarter 2017 Result. That show Dr. Pepper Snapple Group Assets and Liabilities in third quarter of 2017.

Figure 23: Dr. Pepper Snapple Group Assets

DR PEPPER SNAPPLE GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
As of September 30, 2017 and December 31, 2016
(Unaudited, in millions, except share and per share data)

(in millions, except share and per share data)	September 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 66	$ 1,787
Restricted cash and restricted cash equivalents	89	—
Accounts receivable:		
Trade, net	659	595
Other	47	51
Inventories	261	202
Prepaid expenses and other current assets	144	101
Total current assets	1,266	2,736
Property, plant and equipment, net	1,129	1,138
Investments in unconsolidated subsidiaries	24	23
Goodwill	3,559	2,993
Other intangible assets, net	3,786	2,656
Other non-current assets	215	183
Deferred tax assets	60	62
Total assets	$ 10,039	$ 9,791

Source: (Dr. Pepper Snapple Group, 2017a)

Figure 24: Dr. Pepper Snapple Group Liabilities and Equity

Liabilities and Stockholders' Equity

Current liabilities:		
Accounts payable	**$ 387**	$ 303
Deferred revenue	**64**	64
Short-term borrowings and current portion of long-term obligations	**82**	10
Income taxes payable	**10**	4
Other current liabilities	**816**	670
Total current liabilities	**1,359**	1,051
Long-term obligations	**4,399**	4,468
Deferred tax liabilities	**877**	812
Non-current deferred revenue	**1,071**	1,117
Other non-current liabilities	**204**	209
Total liabilities	**7,910**	7,657
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value, 15,000,000 shares authorized, no shares issued	**—**	—
Common stock, $0.01 par value, 800,000,000 shares authorized, 180,640,432 and 183,119,843 shares issued and outstanding as of September 30, 2017 and December 31, 2016, respectively	**2**	2
Additional paid-in capital	**—**	95
Retained earnings	**2,311**	2,266
Accumulated other comprehensive loss	**(184)**	(229)
Total stockholders' equity	**2,129**	2,134
Total liabilities and stockholders' equity	**$ 10,039**	$ 9,791

Source: (Dr. Pepper Snapple Group, 2017b)

Current Ratio $= \dfrac{Current\ Assets}{Curret\ Liabilities}$

$$Current\ ratio = \frac{\$\ 1{,}266}{\$\ 1{,}359}$$

= 0.93x

Dr. Pepper Snapple Group Current Ratio is 0.93x, which is smaller than Coca Cola Company that gained 1.3x. This means that Coca Cola Company is more liquid than Dr. Pepper Snapple Group to fulfil the company's obligation or to pay their liabilities.

- Quick Ratio

From Figure 23 and 24, Dr. Pepper Snapple Group Quick Ratio is

$$Quick\ Ratio = \frac{Current\ Assets - Invetories}{\text{Current Liabilities}}$$

$$Quick\ Ratio = \frac{\$\ 1{,}266 - \$\ 261}{\$\ 1{,}359}$$

= 0.73x

From the calculation above, Dr. Pepper Snapple Group Quick Ratio is 0.73x. On the other hand, Coca Cola Company Quick Ratio is 1.24x. This means Coca Cola Company Quick Ratio is higher than Dr. Pepper Snapple Group. This indicates that Coca Cola Company ability to meet their short-term obligation is higher than Dr. Pepper Snapple Group.

- Inventory Turn Over

Based on the data from figure 20 and 23, Dr Pepper Snapple Group Inventory Turn Over with a formula of sales divided with its inventories for 2017 and the result is:

$$\text{Inventory Turnover} = \frac{Sales}{\text{Inventories}}$$

$$Inventory\ Turnover = \frac{\$\ 1{,}033}{\$\ 261}$$

= 3.95 x

Dr. Pepper Snapple Group Inventory Turn Over is 3.95x, which means Dr. Pepper Snapple Group restock their inventory 3.95x per year. Even though it's a high number, Coca Cola Company Inventory Turnover is higher than Dr. Pepper Snapple Group. Coca Cola Company Inventory Turnover is 8.34x. This means Coca Cola Company has more demand than Dr. Pepper Snapple Group since Coca Cola Company inventory generates revenue more than Dr. Pepper Snapple Group.

- Debt to Total Assets Ratio

This ratio can be calculated based on the data from figure 23 and 24, Dr Pepper Group Debt to Total Assets Ratio can be calculated by dividing the company's liabilities and the company's assets.

$$Debt\ to\ Total\ Assets\ Ratio = \frac{Total\ Liabilities}{Total\ Assets}$$

$$Debt\ to\ Total\ Assets\ Ratio = \frac{\$10{,}039}{\$10{,}039} \times 100$$

$= 1\%$

Based on the result above, we can conclude that 1% of Dr. Pepper Snapple Group is being financed by its liabilities or debts. This percentage is way smaller than Coca Cola Company that has 78,4% Debt to Total Assets. In this case, it is safer for the investors to invest in Dr. Pepper Snapple Group than in the Coca Cola Company.

- Time Interest Earned Ratio

Times Interest Earned (TIE) ratio of a company is a very important measurement for investors because it shows a company ability to pay its debt interests. Dr Pepper Group Time Interest Earned Ratio can be calculated by dividing the company's Operating Income and the company's Interest.

Figure 25: Dr. Pepper Snapple Group Operating Income and Interest

Other operating income, net	—	(3)	**(30)**	(4)
Income from operations	**367**	373	**1,025**	1,098
Interest expense	**40**	33	**124**	99
Interest income	**(1)**	(1)	**(3)**	(2)

Source: (Dr. Pepper Snapple Group, 2017c)

$$Times\ Interest\ Earned\ (TIE) = \frac{Operating\ Income\ (EBIT)}{Interest}$$

$$TIE = \frac{\$1{,}025}{\$124 - \$3} = 8.47x$$

From the calculation above, we know that Dr. Pepper Snapple Group Time Interest Earned Ratio is 8.47x. This means Dr. Pepper Snapple Group able to cover its interest expense for 8.47x of its operating income or EBIT. Even though Dr. Pepper Snapple Group TIE number is big Coca Cola Company achieve higher TIE which mean Coca Cola in term of paying their payments.

- Earnings Per Share

According to the figure 22 above, Dr. Pepper Snapple Group EPS is $3.64 per share, this means that investors will get $3.64 dividend per share. Based on figure 19, Coca Cola Company EPS is $0.30. This means Dr. Pepper Snapple Group EPS indicates that having strong financial position, high earnings and a reliable company to be invested rather than Coca Cola Company.

IV. CONCLUSION

Coca-Cola is a global, ubiquitous soft drink brand, making them almost synonymous with any carbonated drink. The corporation has achieved this by executing several marketing strategies in promoting and creating brand awareness toward the consumers throughout the decades of its existence. Coca-Cola delivers their messages and brand image through various channels and embraced digital marketing, which allows the brand to maintain its popularity throughout the globe. These strategies assists Coca-Cola in acquiring wide range of customers and the same time helps Coca-Cola to create a brand image and promote it to its consumers. The combinations of strategy have proven to be working for Coca-Cola since its financial performance and ratio analysis indicates a level of stability over the past few years.

Through our analysis, Coca-Cola's earnings, market share, and profitability are highly competitive to that of their nearest competitors, Pepsi Co., the market competitor, and far outweighs Dr. Pepper and Snapple group, the market follower. Through our analysis, we are able to deduce that Coca-Cola's numerous marketing strategies has allowed them to have stable earnings and maintain its position as the market leader.

As stated in the beginning, this paper attempts to identify and analyse the marketing strategy of a global brand and how they allow the company to maintain their status as a brand that is known all over the world and as a market leader. The mix of traditional and digital marketing techniques that Coca-Cola has adopted reflects the need for companies to keep up with the time in order to hold its position whilst still keeping a consistent brand image.

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