

Marketing Strategy Analysis of Coca-Cola in China and the United States

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Abstract: For multinational corporations, marketing is a complex and challenging process. Companies must develop localized marketing methods that consider cultural differences, language barriers, and varying consumer behaviors when conducting business in different countries. As one of the world's largest soft drink manufacturers, Coca-Cola has a significant global market share and a broad consumer base. The company's success around the world is largely due to its different marketing strategies implemented in various countries. This study aims to use the 4Ps model to explore Coca-Cola's marketing strategies in China and the United States and analyze the differences between their strategies. By understanding their approach to market changes and challenges, this study can provide more scientifically effective marketing strategies for Coca-Cola's future development in the Chinese and American markets. This article briefly outlines the soft drink markets in China and the United States, as well as the differing marketing approaches due to cultural differences. Through the use of the 4Ps framework to analyze and evaluate Coca-Cola's marketing strategies, people can understand how Coca-Cola responds to change and challenges. Based on this analysis, the article emphasizes the importance of cross-cultural marketing in the context of globalization. Other multinational corporations can learn from successful brands like Coca-Cola by adjusting their marketing strategies to meet local demand while maintaining brand consistency.

Keywords: Coca-Cola, 4Ps, marketing strategy

1. Introduction

In today's era of the global economy and intense international market competition, multinational companies face the challenge of how to develop successful marketing strategies in different countries and cultural backgrounds. Moreover, the emergence of digital technology and social media further increases the complexity and difficulty of advertising and promotion. Therefore, multinational companies must adjust their marketing strategies according to the local market and cultural characteristics to meet local consumers' needs and preferences and enhance the brand's popularity and reputation to successfully enter the global market. The Coca-Cola Company, headquartered in Atlanta, USA, is the world's largest soft drink company with a brand value of over \$70 billion, firmly seated as the leading brand in the soft drink industry [1]. It has 160 beverage brands in 200 countries with a wide sales range and a complete range of products. Its range of products includes carbonated beverages, sports drinks, dairy drinks, juices, teas, and coffees, which

almost cover all types of beverage markets [2]. As a global beverage brand company, Coca-Cola has been striving to adapt to the marketing environment in different countries and cultural backgrounds. The performance of Coca-Cola in the markets of China and the United States is also representative. According to market research, China and the United States are two of the largest markets for the company, and the culture and consumer habits of the two countries have significant differences. Compared with the US market, the Chinese market, especially young consumers, focuses more on health and nutrition, while the US market focuses more on individuality and cultural diversity. Therefore, the marketing strategies developed by Coca-Cola in these two important markets are worth researching and exploring. This article aims to analyze Coca-Cola's marketing strategies in the China and United States markets and compare their market characteristics and cultural differences. By comparing the similarities and differences in the marketing strategies between these two markets, this article seeks to reveal the impact of different cultural backgrounds and consumer habits on marketing strategies and provide valuable insights and guidance for other multinational companies entering these markets. This article will first introduce the background information of the Coca-Cola Company. Secondly, using the 4Ps framework, the article will analyze Coca-Cola's product, price, promotion, and distribution strategies in both the Chinese and American markets, and analyze the market characteristics and cultural differences of the two countries. Next, by comparing Coca-Cola's marketing strategies in these two markets, this article will identify the differences and commonalities between the two strategies. By contrasting the different marketing strategies, this article aims to reveal the unique characteristics of these two markets and the impact of different cultures on marketing strategies. Finally, by summarizing the similarities and differences in marketing strategies between the two markets, this article will provide valuable insights and prospects for multinational companies interested in entering these markets.

2. 4Ps of the US Market

The United States is a country that values freedom, democracy, and equality, and Coca-Cola has successfully crafted its brand image to embody these ideals of freedom, equality, optimism, and positivity. This has made it a beloved choice for generations of consumers. As a renowned editor in the American press once said, "Coca-Cola is the quintessence of the idealistic America." For many Americans, Coca-Cola represents the American dream in a bottle and is a symbol of the American spirit [3].

2.1. 4Ps

The 4Ps, which stand for Product, Price, Place, and Promotion, are a classic theoretical model in marketing. It was proposed by Edmund Jerome McCarthy in the 1960s to assist marketing professionals in designing, planning, and implementing marketing strategies [3]. It is one of the crucial steps in the transformation of marketing, as it shifts the focus toward consumer needs and leads to more proactive and actionable approaches. The 4Ps model provides marketers with a framework to consider and balance product, price, place, and promotion when conducting marketing activities to ensure the best sales strategies. This tool can help businesses understand consumer needs and market changes in depth and provide them with better products and services. The 4Ps model is also applied in this article to analyze the marketing strategies of Coca-Cola in the United States and China from the aspects of product, price, distribution, and promotion, providing a more detailed understanding and explanation of marketing patterns in different cultures.

2.2. Product

In the United States, Coca-Cola offers a variety of products that are not only classified according to different milliliter capacities and materials but also include specialized products tailored to specific consumer groups. These products include zero-sugar Coca-Cola for fitness enthusiasts, flavors such as cherry vanilla and orange vanilla for those who enjoy sweet treats, Coca-Cola and coffee combinations for coffee enthusiasts, and collaborative products with other brands. All of these products centered around Coca-Cola, satisfy the unique needs of different consumer groups and achieve maximum coverage [4].

2.3. Price

In the United States, regular canned Coca-Cola is priced at \$0.99, and even in times of inflation, the price has not increased. In 2022 [4], with a per capita GDP of \$76,400 in the United States, Coca-Cola has become an affordable beverage for almost everyone. It has truly become a national drink brand in this diverse country.

2.4. Place

As the birthplace of Coca-Cola, the United States has had complete coverage of its products offline for many years, including supermarkets, convenience stores, restaurants, fast food chains, and hotels. In almost every city and town, consumers have the opportunity to purchase Coca-Cola's products. Additionally, Coca-Cola sells its products through various food services channels, such as fast-food restaurants, regular restaurants, and hotels, particularly in fast food chains widely favored by Americans.

With the development of the internet, Coca-Cola also sells its products through its official website and various online retailers and food delivery services. For those who prefer online shopping, Coca-Cola's products can be purchased from the comfort of their homes via the Coca-Cola official website or other relevant sales platforms. Overall, Coca-Cola has a wide range of marketing channels in the United States, enabling it to reach a large number of consumers across the country.

2.5. Promotion

Coca-Cola uses various promotional strategies in the United States, including discount promotions, sponsoring events (such as the Super Bowl and Olympic Games), social media, and advertising. In terms of advertising, Coca-Cola relies more on visual elements than on text to influence and impact the public. For example, in 2010, Coca-Cola spent a total of \$267 million on advertising in the US market. People may not remember whether the slogan was "forever," "enjoyment," or "Coke is it," but most people remember the bottle shape of Coca-Cola [4]. In terms of innovation, Coca-Cola is always able to create unique interactive media amidst the ordinary. For example, the "Coca-Cola Campus Creative Marketing - Double Coke Bottle Cap" project launched by Leo Burnett in Colombia is designed to promote college freshmen getting to know each other. It is a carefully crafted reverse-twist bottle cap that can only be opened if two friends twist the bottle together. This interaction creates a great opportunity to meet new friends [5]. Coca-Cola's promotion ideas are unique, distinctive, and eye-catching.

3. 4Ps of the China Market

The Chinese market is young, challenging, and has tremendous profit potential compared to the US market. Coca-Cola has adopted comprehensive and diverse marketing strategies in the Chinese

market, targeting more towards the younger generation, emphasizing cultural integration, and fulfilling social responsibility. This has enabled the brand to continuously win the love and recognition of Chinese consumers.

3.1. Product

Coca-Cola mainly focuses on the young market in China, which is why it has introduced various Coke varieties and flavors suitable for the summer, in addition to products that appeal to China's youth. For example, in the summers of 2013 and 2014, Coca-Cola continued the previous year's pattern and placed the lyrics of dozens of popular songs such as "my most important decision," "The sunshine is always after the storm" on the bottles, and cans of Coca-Cola, launching the "Lyrics Version of Coca-Cola". This enabled Coca-Cola to get closer to its consumers. According to the data provided by Coca-Cola, the "lyrics bottles" contributed to a sales growth of up to 10% in its carbonated beverage sales in just the month of June [6]. Overall, Coca-Cola has conducted in-depth research and continuous innovation in its product marketing, ensuring its market share and customer satisfaction.

3.2. Price

According to different packaging specifications, Coca-Cola's retail price in China is generally between \$0.3-\$0.5 [6], and it has a record of not raising prices for nearly 20 years. Despite fierce competition in the entire Chinese carbonated beverage market, Coca-Cola has remained at the top of the market with prices that are significantly lower than the average. Its affordable and nationwide uniform pricing is loved by consumers. Provide an affordable price that everyone can afford.

3.3. Place

As a fast-moving consumer goods brand, Coca-Cola has always focused on channel marketing as another key development direction. Taking Coca-Cola China as an example, the brand has divided China into several regions, including East China, Central China, Northeast China, and South China [7]. By directly managing these regions, Coca-Cola further expands its marketing channels. During this expansion, Coca-Cola leverages advertising and other marketing methods to increase the exposure of its beverages. In China, Coca-Cola has implemented multi-channel marketing, covering various convenience stores and supermarkets offline, and establishing official flagship stores on online shopping platforms like Taobao and purchase links through WeChat Mini Programs. This has allowed Coca-Cola to achieve full-channel marketing in China, with deep coverage and a wide distribution density. Coca-Cola's products can be found in almost any supermarket in China. Due to various factors such as the economy and environment, Coca-Cola has lower coverage in the western regions of China as compared to the southeast regions. China has a diverse landscape where the southern regions are humid, and the northern regions are cold. The eastern coastal regions of China have a flat landscape, convenient transportation, developed economy, large population, abundant labor force, sufficient raw materials, and strong consumer demand, providing a favorable natural environment for Coca-Cola's marketing in the southeast regions [8]. In the Western regions of China, economic development is relatively lagging, consumer purchasing power is relatively low, and consumption habits are also diverse. Additionally, the Western regions are dominated by mountains, resulting in logistical difficulties for the distribution and coverage of Coca-Cola products. An interesting reason is also due to air pressure. Taking Tibet as an example, it belongs to a high-altitude region where the decrease in air pressure causes the temperature of boiling water to decrease accordingly, which affects the taste of carbonated beverages. For Coca-Cola carbonated drinks, the taste and the quality of bubbles are usually considered essential. However, due to the

different pressures in high-altitude areas, carbonated drinks are prone to lose bubbles and taste. Although Coca-Cola has adjusted its formula in high-altitude areas to ensure that the quality of bubbles and taste is not affected by high atmospheric pressure, consumers' reactions on social media suggest that the taste of Coca-Cola in high-altitude regions is still not satisfactory. Therefore, to adapt to China's diverse and complex market conditions, Coca-Cola needs to adjust its marketing strategy and product formulation according to regional differences.

3.4. Promotion

Coca-Cola's promotion in China focuses on younger audiences, using an online-to-offline closed-loop integration approach for marketing. The main idea is to place consumers at the core and integrate the use of different media channels for communication. The integration of online and offline marketing through large-scale events invites well-known artists to participate in interactions with fans. "Online and offline are integrated, people guide traffic from online to offline, fans take photos after receiving the bottles offline, and then upload them on online platforms. This is a 020 closed loop, which circulates continuously." The close combination of online and offline achieves a comprehensive integration of marketing and sales, avoiding the awkwardness of the marketing department entertaining itself [9]. Similarly, Coca-Cola's marketing and promotion in China have also reached a new level of innovation with the use of Augmented Reality (AR) technology. Coca-Cola created the first domestic case of combining AR technology with e-commerce promotion: on Coca-Cola's Tmall Super Brand Day, it used the Olympic hot topic and released an Augmented Reality (AR) game on the Tmall APP that allowed consumers to easily participate and win prizes [10].

4. Comparative Analysis

In terms of marketing strategies for Coca-Cola in China and the United States, there are both similarities and differences, particularly in the 4 Ps: product, price, place, and promotion.

4.1. Product

Coca-Cola offers similar product lines in both the Chinese and American markets, such as Coca-Cola, Sprite, and Fanta. However, the company also tailors their product offerings to local market demand and taste preferences. In China, this includes competition products like Pepsi and traditional local tea-based drinks like YiBao. In the US, Coca-Cola has increasingly offered healthier drink options.

4.2. Price

Both the Chinese and American markets have lower-than-market price offerings for Coca-Cola, with prices remaining relatively stable for many years. This price structure has allowed Coca-Cola to become a national brand in both markets, with nearly all citizens having either tried or heard of Coca-Cola.

4.3. Place

China and the US both have online and offline purchasing channels for Coca-Cola. However, because of different consumer habits, Coca-Cola utilizes different distribution channels in each market [10]. In China, Coca-Cola primarily relies on platforms like online shopping websites and convenience stores. In the US, Coca-Cola uses retail stores, supermarkets, and vending machines as its primary distribution channels.

4.4. Promotion

Coca-Cola uses traditional advertising methods, such as broadcast and print advertising, as well as new marketing channels that are appropriate for local markets. In China, Coca-Cola has created a brand image that combines rich connotations, vigor, and warmth [11], particularly appealing to young consumers. In the US, Coca-Cola has a more diverse and rich approach to marketing, advertising "happy moments" along with drinking Coca-Cola and linking those moments with friendships, love, and fun [12]. The common point of promotion in both markets is to convey the message that drinking Coca-Cola satisfies both the physical and psychological needs for happiness.

5. Conclusion

Coca-Cola has adopted marketing strategies that are tailored to the markets in both China and the United States. The company has made minor adjustments to its 4Ps (product, price, place, and promotion) to meet the different consumer habits and market demands in these two countries. Despite these differences, Coca-Cola's marketing strategies remain consistent with their goal of satisfying consumers' physiological and psychological needs and providing happiness through their products. By adopting appropriate marketing policies in different countries, Coca-Cola has become the national beverage brand in both China and the United States and a key factor in the sustained success of multinational companies in the global market. In addition, as globalization continues to develop, cross-cultural marketing will become increasingly important. When other multinational companies attempt to enter foreign markets and establish themselves, they can learn from Coca-Cola's marketing strategies and adjust them to meet local demands while maintaining a consistent brand identity. Overall, Coca-Cola's success can be attributed to its ability to adjust its marketing strategies to meet the needs and preferences of consumers in different markets, while also promoting a consistent brand image that resonates with people worldwide. For future development, Coca-Cola may need to continue adjusting its marketing strategies to meet changing market trends and evolving consumer preferences in different countries beyond just the US and China. Moreover, with the growth of e-commerce and digital marketing, Coca-Cola may need to shift its focus towards online sales and invest in digital marketing campaigns to attract younger consumers who consume media through social media and mobile devices. Lastly, as environmental and social responsibility become increasingly important issues in the global market, Coca-Cola may need to adjust its marketing strategies to reflect its commitment to sustainable and socially responsible practices. This could include promoting eco-friendly manufacturing processes, sustainable sourcing of ingredients, and supporting social initiatives that benefit the local communities where the company operates. Coca-Cola's success will depend on its ability to tailor its marketing strategies to meet the changing needs and preferences of consumers across different countries while maintaining a consistent brand identity. By actively staying ahead of market trends and continuing to innovate with new product offerings and marketing strategies, Coca-Cola can remain a leader in the global beverage market in the coming years. This will be an essential requirement for other multinational companies as well. In conclusion, Coca-Cola's future success will depend on the company's ability to adapt to market changes and consumer demands while maintaining its brand value. Utilizing marketing strategies based on cultural integration, innovation of new products, and promotion, as well as social responsibility initiatives, will help ensure that Coca-Cola remains at the forefront of the global beverage market.

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