

The Coca-Cola Company

A Situation Analysis and Solutions



BA301 Final Term Paper

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Executive Summary

The Coca-Cola Company is the world's largest nonalcoholic beverage company, which is headquartered in Atlanta. It has six main operating segments: Eurasia and Africa, Europe, Latin America, North America, Asia Pacific, Bottling Investments, and Corporate. The company typically generates net income from concentrate operations and finished product operations. Since the end of FY 2013, there has been a decrease in The Coca-Cola Company's net operating revenues, which fell nearly 4% in FY 2015.

The Coca-Cola Company believes its success depends on its ability to connect with consumers by providing them with a wide variety of options to meet their desires, needs and lifestyles. The company has six main stakeholders, involving its five main international operating segments, employees, five largest independent bottling partnerships, shareholders, local suppliers, and local communities. The Carbonated Soft Drinks Industry has been moving away from traditional Colas, aligning with the increasing health awareness of consumers. The Coca-Cola Company has three main competitors, involving PepsiCo Inc., Nestle SA, and Dr. Pepper Snapple Group Inc. The company has a strength of solid and strong brand, but it faces threats of health and environmental issues, such as water and healthier ingredients scarcity and quality.

There are three root causes of the 4% decrease in the company's net operating revenues, involving Strongly impacted by currency fluctuations, Growing health concerns, and Increasing water issues. Based on these root causes, four alternative solutions are stated to solve the problem of continuing decline in its competitive advantage situation:

- A. Creative design and sustainable materials for bottling and packaging
- B. Strengthen partnership with entertainment industry
- C. Assist local government to address natural resource issues (healthier ingredients, water issues etc.)
- D. Gradually shift its major products from Coke (carbonated soft drink) to tea, instant flavored milk or other snacks.

By using a weighted matrix, the final recommendation is **Solution C**, which focuses on long-term sustainable development. The company needs to continually track and evaluate programs progress, and to make in-time adjustments for setting new targets. In first 5-year phase, the total estimated budget will be 1.3% of current year operating income. New programs will start recruiting research tem on June 1, 2016, end on December 31, 2021, following new goal-setting. To evaluate the success of new programs, in short-term, the company can see 4% annually increase of profit after equilibrium point (Investment = Profit) reached. In long-term evaluation, profit tends to be more intangible, such as the company's ethical image, reputation, Goodwill etc.

Situation Analysis

Company Overview

The Coca-Cola Company is the world's largest beverage company, which is headquartered in Atlanta. It owns and markets four of the world's top five nonalcoholic sparkling beverage brands: Coca-Cola, Diet Coke, Fanta and Sprite. Finished beverage products bearing their trademarks are now sold in more than 200 countries. The Coca-Cola Company has six main operating segments: Eurasia and Africa, Europe, Latin America, North America, Asia Pacific, Bottling Investments, and Corporate. It typically generates net income from concentrate operations and finished product operations (The Coca-Cola Company 10 K, 2015).

Business Strategy & Mission, Vision, Values

With an enduring commitment to building sustainable communities, The Coca-Cola Company is focused on initiatives that reduce its environmental footprint, support active, healthy living, create a safe, inclusive work environment for its associates, and enhance the economic development of the communities where it operates. On Jan. 19, 2016, The Coca-Cola Company announced all Coke Trademark brands will be united in one global creative campaign: "Taste the Feeling."

The Coca-Cola Company believes its success depends on its ability to connect with consumers by providing them with a wide variety of options to meet their desires, needs and lifestyles. Its goal is to use the company's assets—its brands,

financial strength, unrivaled distribution system, global reach, and the talent and strong commitment of its management and associates—to become more competitive and to accelerate growth in a manner that creates value for its shareowners (Coca-Cola Company 10K, 2015)

Appendix 1

Shareholders of The Coca-Cola Company

- A. Five Main International Operating Segments:** Europe, North America, Asia Pacific, Latin America, and Eurasia and Africa.
- B. Employees:** Approximately 123,200 employees currently, and 60,900 employees located in the United States.
- C. Five Largest Independent Bottling Partnership:** Coca-Cola FEMSA; Coca-Cola Hellenic; ARCA Continental, S.A.B. de C.V.; Coca-Cola Enterprises, Inc. (CCE); Coca-Cola İçecek A.Ş.
- D. Shareholders:** 11,200 million shares of authorized common stock, and issued 7,040 million shares in 2015. In 2016, there were 224,780 shareowners accounts of record.
- E. Suppliers:** The company's efforts to protect local water sources can only be successful if they involve collaboration with local stakeholders, including governments, community members, water agencies, NGOs and others,
- F. Communities and local governments:** Local governments' policies, trade agreements, sustainable development policies, and others.

Financial Performance

In **Appendix 2**, it shows the Consolidated Statements of Income (The Coca-Cola Company 10K, 2015).

Since the end of year 2013, there has been a decrease in The Coca-Cola Company's net operating revenues. The company's net operating revenues decreased 4% from 2014 to 2015. In **Appendix 3**, the company's sales volume actually increased 1%. But an unfavorable impact, which was due to stronger U.S. dollar compared to certain foreign currencies, decreased company's consolidated net operating revenues by 7%. This finally caused 4% decrease in net operating revenues. Even though the gross profit margin was 0.6% lower in 2015, the consolidated net income was actually higher than 2014. The reasons are mainly due to refranchising in North America and foreign exchange losses in 2014.

The Coca-Cola Company is listed in the NYSE. Overall, the company's stock price has been increasing since 2015, ended in April 8, 2016, the closing price of The Coca-Cola Company's stock price is \$46.87. In **Appendix 4**, we can see there was a sharp decrease on August 25, 2015, stock price lowered to \$37.99. Another decrease was on January 8, 2016, stock price decreased to \$41.51. From 2014 to 2015, the company's outstanding shares decreased by \$35 million, EPS increased \$0.07.

Industry Perspective

Over the next several years, the Global Soft Drink and Bottled Water Manufacturing Industry producers will likely focus on providing new flavors, container

sizes and formats to renew consumer interest for their beverages (IBIS World, Industry Outlook). The Industry is moving away from traditional Colas, with increasing health awareness of consumers. Obesity, diabetes, dental cavities etc., are related to high-calorie (high-sugar) foods and drinks. This led to sales of carbonated soft drinks decreased and sales of bottled water, juice, and other liquid refreshment beverages increased (Business Insights: Global).

Good

The Coca-Cola Company has four major competitors:

A. Global Soft Drink & Bottle Water Manufacturing Industry (FY 2015).

Major Players (market share)



Major Player	Market Share	Major Player	Market Share
The Coca-Cola Company	16.9%	Nestle SA	7.0%
PepsiCo Inc.	11.3%	Other	64.8%

(IBIS World Industry Report C1124-GL)

- The Coca-Cola Company:** 16.9% market share, and its revenue was \$44.3 billion. Growing markets, such as China and India, have become increasingly important to the company, while North America's share of revenue has steadily declined in relevance.
- PepsiCo Inc.:** 11.3% market share, and its revenue was \$29.4 billion. PepsiCo has introduced lower-calorie brand extensions and blended beverages to appeal to health-conscious consumers. The company had gradually shifted its activities toward manufacturing snack products.

- **Nestle SA:** 7.0% market share, and its revenue was \$18 billion. Its sales of fruit drinks and ready-to-drink tea have expanded.
- B. Dr. Pepper Snapple Group Inc.:** 10.2% market share in Juice Production Industry, while The Coca-Cola Company holds 10.5% market share (IBIS World Industry Report 31211c).

Appendix 5

SWOT Analysis

As listed below, The Coca-Cola Company has the strength of a strong brand and logo. Coca-Cola is one of the most recognized global brands, it owns four of the world's top five non-alcoholic sparkling beverage brands. And it has a geographical footprint in more than 200 countries across the world. In 2015, The Coca-Cola Company faced product quality issues and frequent recalls. Those weakness has been impacting consumers' confidence in its brands.

Consumers have become more demanding of healthy drinks and foods in recent times, this growing market for healthy and nutritious food and beverages is proving to be an opportunity for Coca-Cola, which are aligning their strategies with the changing consumers' preferences. Increasing environmental concerns also prompt consumers to buy more environment-friendly products.

The Coca-Cola Company is facing two threats. First, the company's beverage products that contain high amounts of sugars and artificial sweeteners cause diabetes and obesity. Second, water is one of key ingredients used by beverage manufacturing

industry. Rapid population growth and continued pollution of existing freshwater sources have created water shortages in nearly every country.

Appendix 12: SWOT Analysis

Environmental Factors

Environmental factors are critical in influencing the company's long-term sustainable development plan, involving health issues and regulations, environment and sustainability, and social responsibility.

The concerns, which are about health problems associated with obesity and diabetes, keep growing among consumers, public health professionals, and government agencies. Those concerns will be a significant challenge to the Carbonated Soft Drink Industry. Since the major products of The Coca-Cola Company are beverages, water is the main ingredients for those products. But water is a limited natural resource, facing unprecedented challenges from overexploitation, flourishing food demand, increasing pollution, poor management, and the effects of climate change.

The Coca-Cola Company also values its social responsibility. The company offers grants and scholarships to various colleges and universities, and it has partnered with UNAIDS and other nongovernment organizations to help combat the threat of the HIV/AIDS in Africa (Business Insights: Global).

Problem Analysis and Description

Symptoms of Problem

The Coca-Cola Company has been facing three main symptoms that have influences on its financial performance:

A. Decrease in Net Operating Revenues: Since the end of FY 2013, there has been a decrease in The Coca-Cola Company's net operating revenues. Net Operating Revenues in FY 2015, 2014, and 2013 were \$44,494 million, \$45,998 million, and \$46,854 million, respectively. The company's revenue fell nearly 4% in FY 2015, which was marked third consecutive year of falling revenue for Coca-Cola company: Coca-Cola's revenue fell 1.8% in FY 2014 and 2.4% in FY 2013 (The Coca-Cola Company 10K, 2015).

Appendix 6

B. Decrease in US Carbonated Soft Drink (CSDs) Volumes: Major nonalcoholic beverage companies continued to face weakness in carbonated soft drink volumes in 2015 (**Appendix 7**). Sparkling beverages represented 73% of Coca-Cola's worldwide unit case volume in fiscal 2015, down from 80% in FY 2007. In 2014, Coca-Cola CSDs volumes fell 1.1%, but sales of total unit case volumes increased 1% in 2015 (The Coca-Cola Company 10K, 2015).

C. Increase in Still Beverage Volumes: In FY 2015, Coca-Cola's carbonated or sparkling beverage volumes grew only 1%, while still beverage volumes grew 5% (**Appendix 8**). Still beverage category volume growth was driven by the packaged

water, ready-to-drink tea, ready-to-drink coffee, and sports drink categories (The Coca-Cola Company 10K, 2015). Per capita bottled water consumption in US increased to 34 gallons in 2014 compared to 32 gallons in 2013 (**Appendix 9**).

Root Causes of Symptoms

There are three root causes shown below to explain why the company's net operating revenues have been falling, why sales volumes of CSDs have been decreasing but sales volumes of still beverage have been going up:

A. Strongly Impacted by Currency Fluctuations.

In 2015, several big nonalcoholic beverage companies, includes Coca-Cola and PepsiCo, were impacted by currency fluctuations, as US dollar continued gaining strength against major world currencies. Currency fluctuations decreased consolidated revenue of Coca-Cola by 7% in 2015, which finally caused Coca-Cola's revenue fell 4% (The Coca-Cola Company 10K, 2015).

B. Growing Health and Environmental Concerns.

Weak U.S carbonated soft drink volumes are primarily due to an increase in health concerns. Soda's high sugar and caffeine content are related to the causes of several health issues, including obesity, diabetes, and tooth decay. Several countries have been increasing regulations to discourage rising obesity and other harmful effects of soda beverages:

- In 2014, Mexico levied a soda tax of one peso per liter, which caused soda drink purchases in Mexico fell 12% from the end of December 2014.

- On March 16, 2016, the UK announced that the country will levy a soda tax, effective in 2018, to control the obesity crisis. Coca-Cola sales volume fell after this announcement.

Imposing a soda tax will continue hurting nonalcoholic beverage companies' sales; especially companies like Coca-Cola, which has heavy exposure to fluctuation in the market for carbonated soft drinks.

There is also a growing concern about the use of plastic bottles. Several states, such as Hawaii, certain areas of California, and national parks, have already banned the use of plastic bottles.

C. Increasing Water Issues.

Growth in US bottled water operations is driven by growing concerns about tap water pollution. For instance, a serious water crisis started in the City of Flint, Michigan in April 2014. This crisis was primarily due to the water source from Flint River, which was highly polluted with lead. Instead of using polluted tap water, people there have to use bottled water for everything.

Problem Description

The Coca-Cola Company's revenue has been decreasing since the end of FY 2012, which was due to effect of foreign currency fluctuation. The company's sales of carbonated soft drinks continued going down, because the concerns of health issues, such as obesity and diabetes, have been increasing recent years; the government also levied tax on carbonated soft drinks. Those concerns and regulation hurt CSDs volumes,

but potentially increased still beverage sales.

Bottled water sales keep increasing not only because it's healthy and natural, but also due to concerns about tap water pollution. But profit from bottled water sales is short-term profit: bottled water is not an environment-friendly and sustainable market. Water is a limited natural resource, and the pollution and growth of population have caused water shortage in many places, including California. Privatizing water sources is unethical and non-sustainable.

Appendix 10: Fishbone Diagram

Solutions Analysis

Alternative Solutions

The Coca-Cola Company is gradually losing its sustainable competitive advantages in the Carbonated Soft Drink Industry. The solutions should address the problem of declining annual profit and focus on long-term strategic planning.

Alternative solutions are listed below:

A. Solution A: Creative design and sustainable materials for bottling and packaging.

This solution is used to address growing concerns of environment among consumers, aligning with their desires of environment-friendly and ecology-ideal lifestyles. Bottles can be designed more creatively for reusing. For instance, people can use Coke bottles as vases for flowers, food containers, or lunch boxes. Bottles also can be used to tell stories: Nongfu Spring, a Chinese nonalcoholic drink company, designs its

bottles numerous pictures which tell a series of fairy tales together. This idea appeals customers to collect its bottles for reusing, at the same time, it spreads the concern of protecting nature.

B. Solution B: Strengthen partnership with entertainment industry.

More people are aware of their health, but some people still will drink Coke or Sprite when they're watching movies in theaters, or watching sports games at home or at a stadium, or celebrate New Year etc. The Coca-Cola Company can mainly strengthen its partnership with those places where people are more willing to buy carbonated drinks, instead of focusing on sales margin in commodity stores. The company can give a profitable trade discount to its partners during holiday seasons, or cooperates with them to promote Coke products and ideas.

C. Solution C: Assist local government to address natural resource issues (healthier ingredients, water resources, pollution control etc.)

The Coca-Cola Company can launch new programs to help local government to address environmental issues. For instance, the company can support sanitation and hygiene water resource program, which can bring safe water access to that area. Choosing to cooperate with local government can be profitable, because governments already have their own budget on environmental issues. Assistance of the company can make those programs more efficient, which is good for the company's long-term profit and development as well as its ethical image and public reputation.

D. Solution D: Gradually shift its major products from Coke to instant flavored tea and milk, or other snacks and candies (even much healthier foods).

Coke and other soda products won't be profitable in long-term. The Coca-Cola Company can gradually shift its major products brands to healthier drinks, since there is an advantage that consumers have been already familiar with Coca-Cola brands, such as the red color, the glass bottle etc. Ready-to-drink tea and flavored milk have a big market margin in Asian Pacific market, which is due to the different living style in Asia.

Weighted Decision Matrix

There are five criteria provided below, along with the weight that was given to them, to determine which solution The Coca-Cola Company should use and implement. The recommended solution is the one with highest matrix score.

1. Effect on Local Stakeholders

The Coca-Cola Company has a tight relationship with local stakeholders, which range from employees of local operating segments to natural resources in that area. If the company realizes its social responsibility in that area, then local stakeholders will be more willing to cooperate with it: long-term effect on the company's growth and profit. Thus, this criterion was given a weight of 0.2.

2. Effect of Health Concerns among Consumers

Growing concerns of health issues is one of the major reasons of Coke products sales decreasing. If the company wants to keep running the beverage business with long-term consideration, the company needs to value consumers' exception as an important position in its development strategies. Thus, this criterion was given a weight of 0.2.

3. Environmental Influence and Sustainability

The Coca-Cola Company uses ingredients which will be influenced by the changes of environment. For instance, water resources, fruits, and vegetables have influence on short-term profit as well as long-term growth. Fail to be improved sustainably, the company will not gain competitive advantage back. Thus, this criterion was given a weight of 0.3.

4. Financial Impact

Annual revenue of The Coca-Cola Company has decreased since 2012, one of the goals is to increase the company's value. Financial impacts involve short-term and long-term profit impacts, but long-term profit will be more critical for the company. Thus, financial impact was given a weight of 0.2.

5. Potential Cost

If Coca-Cola Company launches new programs, for example, sanitation of water, it will potentially become long-term cost. It means there is high possibility that the company needs to support this program in its whole business life. Other potential costs may involve opportunity cost, short-term profit loss etc. Thus, this criterion was given a weight of 0.1.

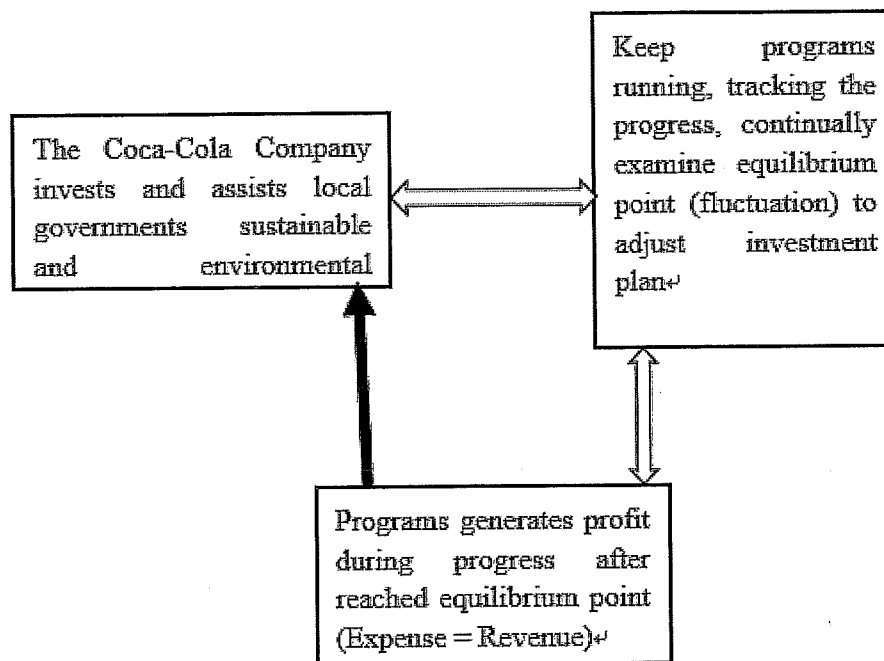
Criteria	Wt.	Solution A		Solution B		Solution C		Solution D	
Effect local stakeholders	0.2	3	0.6	6	1.2	6	1.2	4	0.8
Health Concerns Effects	0.2	2	0.4	1	0.2	6	1.2	6	1.2
Environment/sustainability	0.3	5	1.5	3	0.9	6	1.8	3	0.9
Financial impact	0.2	4	0.8	5	1	4	0.8	5	1
Potential cost	0.1	3	0.3	5	0.5	2	0.2	3	0.3
Total			3.6		3.8		5.2		4.2

Recommendation and Ethical Screen

The recommended solution is **Solution C**: Assist local government to address natural resource issues (healthier ingredients, water resources, pollution control etc.)

The goal of Solution C is to create a stable and sustainable cycle of profit in long-term strategy. The Coca-Cola Company cooperates with local governments by investing certain programs, such as a water sanitation program, a healthy (non-GMO) agriculture program, water or other natural resources renewability programs etc. Those programs may cause short-term gross loss (Investment > Profit), and long-term continuous investing. But when it exceeds the equilibrium point, the company will continually gain profit with those programs running. Thus, the company will keep its sustainable competitive advantage to generate profit.

Once these programs are able to keep running and continually implementing, this investment-profit cycle will let the company not only gain development advantages, but will also make the company gain back employees' loyalty and its ethical image and public reputation. If those programs, especially healthier ingredients program and water sanitation program, succeed, it will address two challenges the company has been facing: concerns of health, and concerns of environment.



Ethical Screen

Based on The Coca-Cola Company ethics and social responsibility, Solution C does not negatively affect the company, its employees, or other social organizations. In contrast, Solution C is an ethical investment which can be used to reestablish company's image and reputation, by helping local communities to create safe and ecological living circumstances for local stakeholders.

Cost-Benefit Analysis

Since the Solution C focuses on long-term sustainable development, fluctuation in long-term makes it ambiguous to estimate the amount of profit: most of them tend to be intangible benefit. Another reason why the amount of profit is hard to estimate is the company needs to continually track and evaluate programs' progress, which is in order to make appropriate and in-time adjustments for setting new goals (new equilibrium).

Tangible Benefits	Estimated Amt.	Tangible Costs	Estimated Amt.
Increased Revenue	4% of yearly OI	Water sanitation system cost	\$256 within 5 years
Potential resource search cost saving		Current opportunity cost	
Avoid discontinued operation cost		Plant purchasing	
Potential opportunity cost saving		Labor and materials	
Longterm-material cost saving		Cost due to policies change	
Extra profit due to efficiency			
Total Estimated Profit (in millions)	5 % of OI yearly increasing	Total Program Investments (in millions)	1.3% of yearly OI
Intangible Benefits		Intangible Costs	
Goodwill		Famous soda brands loss	
Local employees satisfaction		Risk due to policies change	
Company ethical image		Short-term employees' morale	
Sustainable development		Time to arrange/supervise programs	

Based on the company's *2014/2015 Sustainability Reports*, The Coca-Cola Company has already invested water program since 2004 with \$256 million (5-year budget). The company should keep investing its current water sanitation program, and research other feasible programs based on this budget at the same time. In 2004, the company decided to invest \$126 million (1.3% of that year's operating income) to Coca-Cola foundation, which makes it possible to invest same percentage annually to new programs. Practically, the company needs to adjust its current investment budget based on economic circumstances and local governments' policies.

Based on *The Coca-Cola Company 10K 2015*, the company revenue has been decreasing 4%. The company can estimate its revenue increase 4% in short-term after successfully conduct Solution C, and expect 5% gross profit increase annually in long-term. Target annual profit and estimated budget will be continually evaluated and adjusted, and the company needs to keep tracking program achievements and progress. Even if it reaches the current years' goal, it's still necessary to set new target and adjust the investment-profit cycle (double arrow).

Feasibility

The Solution C will be feasible for The Coca-Cola Company to conduct and implement. This solution focuses on long-term profit instead of increased current revenue, and it may incur current gross loss with intention to gain back more in the future. The Coca-Cola Company actually has had similar foundation to support water harvesting and sanitation programs since 2004, and current water replenishment program has already accomplished 94% (2014/2015 Sustainability Reports, 2015). This success makes it possible to invest 1.3% of the company's operating income to new sustainable programs. Once the company cooperates with local governments efficiently within those programs, it will potentially decrease the company's actual budget every year.

Implementation Plan

Since Solution C is long-term plan, the implementation will keep participating and adjusting in the company's whole business life. Assuming the company starts this plan in 2016, 5-year implementation plan discussed below.

1. Establish/Recruit Research Team	2016/6/1	2016/8/1
2. Conduct Research on Programs	2016/8/2	2016/11/2
3. Establish Plant/Arrange Equipment	2016/11/3	2017/7/15
4. Arrange Employees to that Area	2017/6/30	2017/7/31
5. Runnig Programs	2017/8/1	2021/6/1
6. Tracking/Evaluating Progress	2017/12/31	2021/5/31
7. Adjusting Budget/Programs	2017/12/31	2020/12/31
8. Set/Conduct New Goals	2018/6/1	2020/12/31
9. Evaluate New Target Progress	2020/12/31	2021/6/1
10. Set Next 5-year Target	2021/6/1	2021/12/31

Appendix 11: GANTT Chart

Success Metrics

To evaluate the success of Solution C, the obvious result will be annual profit growing. The Coca-Cola Company can expect 5% annual profit increase after efficient running those sustainable programs, and estimate to reduce relevant costs (such as promotion costs, research costs etc.). Besides, the company can evaluate satisfy rate among consumers, meaning gain back company's image and reputation. At the end of every fiscal year, the company keeps track those programs progress, such as liters of replenished water, and to adjust its next fiscal year's budget and target profit. Another success matrix is to measure whether the company safely returns, to local communities and nature, an amount of water equal to what it used in its finished beverages and products.

Continually evaluating and adjusting still should be emphasized during programs running, even if the company succeed in current 5-year profit target. It's necessary for the company to keep setting new goals during 5-year implementation, and researching programs for next phase to make sure the investment-profit cycle keep going, along with the life of company's business.

Good!

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Appendix

Appendix 1

The Coca-Cola Company Mission/Vision/Values Statements:

A. The Coca-Cola Company Mission Statement:

- To refresh the world...
- To inspire moments of optimism and happiness...
- To create value and make a difference.

B. The Coca-Cola Company Vision Statement (6Ps):

- **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.

C. The Coca-Cola Company Values:

- **Leadership:** The courage to shape a better future
- **Collaboration:** Leverage collective genius
- **Integrity:** Be real
- **Accountability:** If it is to be, it's up to me
- **Passion:** Committed in heart and mind
- **Diversity:** As inclusive as our brands
- **Quality:** What we do, we do well

(The Coca-Cola Company: Our Company)

Appendix 2: Analysis of Consolidated Statements of Income (Coca-Cola Company 10K, 2015)

Year Ended December 31,	2015	2014	2013	Percent Change	
				2015 vs. 2014	2014 vs. 2013
(In millions except percentages and per share data)					
NET OPERATING REVENUES	\$ 44,294	\$ 45,998	\$ 46,854	(4)%	(2)%
Cost of goods sold	17,482	17,889	18,421	(2)	(3)
GROSS PROFIT	26,812	28,109	28,433	(5)	(1)
GROSS PROFIT MARGIN	60.5%	61.1%	60.7%		
Selling, general and administrative expenses	16,427	17,218	17,310	(5)	(1)
Other operating charges	1,657	1,183	895	40	32
OPERATING INCOME	8,728	9,708	10,228	(10)	(5)
OPERATING MARGIN	19.7%	21.1%	21.8%		
Interest income	613	594	534	3	11
Interest expense	856	483	463	77	4
Equity income (loss) — net	489	769	602	(36)	28
Other income (loss) — net	631	(1,263)	576	*	*
INCOME BEFORE INCOME TAXES	9,605	9,325	11,477	3	(19)
Income taxes	2,239	2,201	2,851	2	(23)
Effective tax rate	23.3%	23.6%	24.8%		
CONSOLIDATED NET INCOME	7,366	7,124	8,626	3	(17)
Less: Net income attributable to noncontrolling interests	15	26	42	(40)	(38)
NET INCOME ATTRIBUTABLE TO SHAREOWNERS OF THE COCA-COLA COMPANY	\$ 7,351	\$ 7,098	\$ 8,584	4%	(17)%
BASIC NET INCOME PER SHARE¹	\$ 1.69	\$ 1.62	\$ 1.94	4%	(16)%
DILUTED NET INCOME PER SHARE¹	\$ 1.67	\$ 1.60	\$ 1.90	5%	(16)%

* Calculation is not meaningful.

¹ Calculated based on net income attributable to shareowners of The Coca-Cola Company.

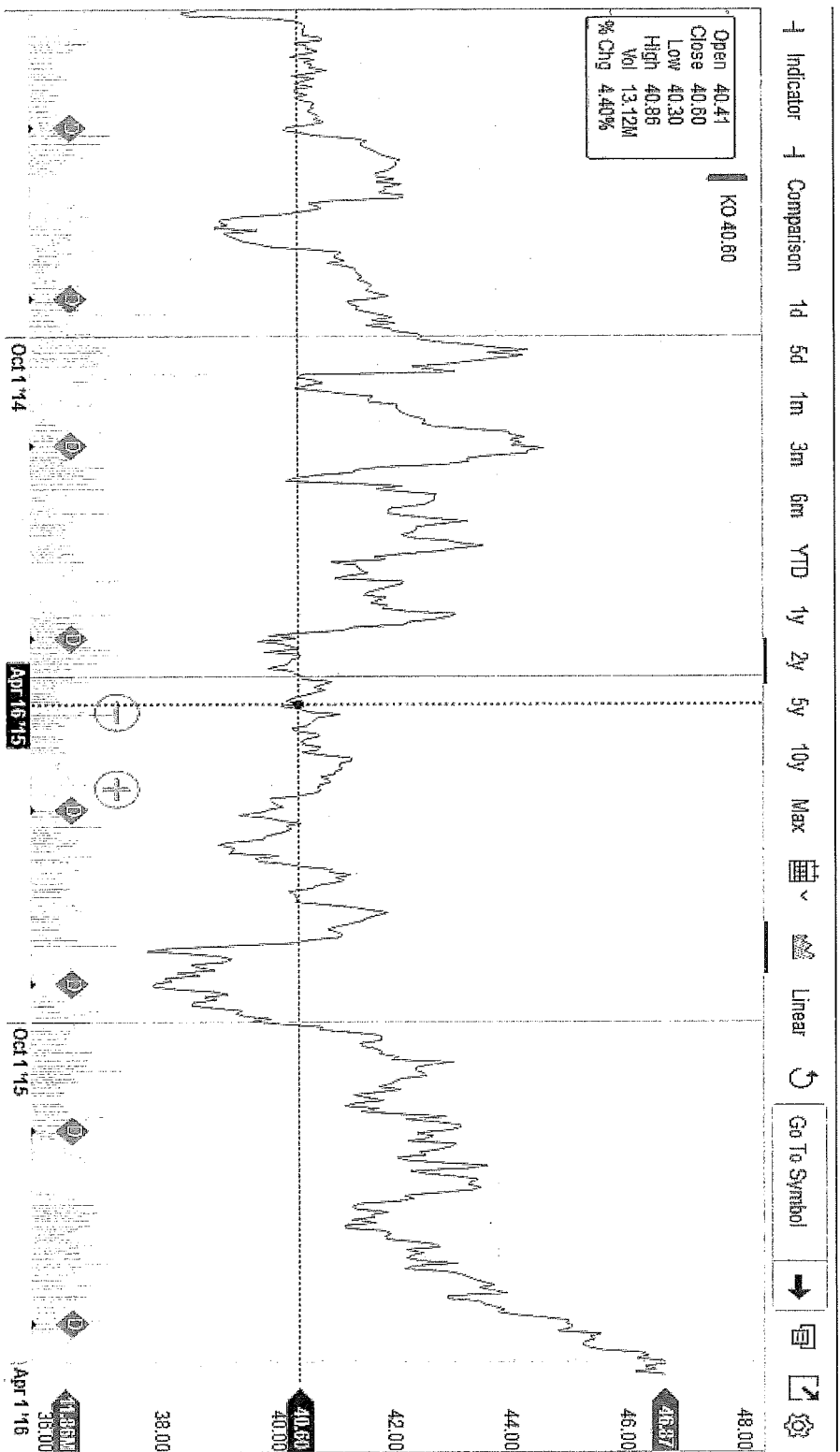
Appendix 3:

On a percentage basis, the estimated impact of key factors resulting in the increase (decrease) in net operating revenues for each of our operating segments (Coca-Cola Company 10K, 2015):

	Percent Change 2015 vs. 2014					Total
	Volume ¹	Acquisitions & Divestitures	Price, Product & Geographic Mix	Currency Fluctuations		
Consolidated	1%	—%	2%	(7)%	(4)%	
Eurasia & Africa	2%	(1)%	3%	(14)%	(10)%	
Europe	2	(1)	1	(9)	(7)	
Latin America	1	—	9	(23)	(13)	
North America	1	(1)	3	(1)	2	
Asia Pacific	2	—	(3)	(8)	(9)	
Bottling Investments	6	3	(3)	(10)	(4)	
Corporate	*	*	*	*	*	

* Calculation is not meaningful.

Appendix 4: The Coca-Cola Company Stock Information (Yahoo! Finance)

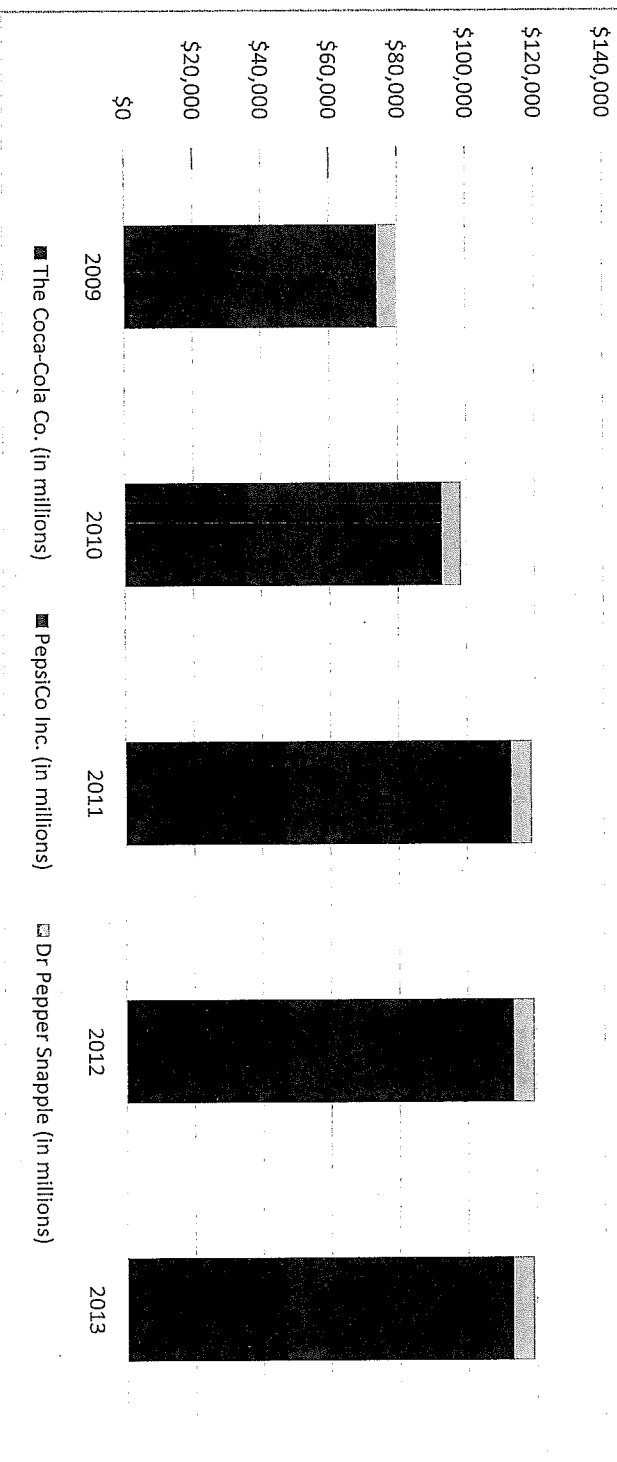


Appendix 5:

The Coca-Cola Company and its competitors' annual revenue comparison (Business Insight: Global)

Year	The Coca-Cola Co. (in millions)	PepsiCo Inc. (in millions)	Dr Pepper Snapple (in millions)
2009	\$30,990	\$43,232	\$5,531
2010	\$35,119	\$57,838	\$5,636
2011	\$46,542	\$66,504	\$5,903
2012	\$48,017	\$65,492	\$5,995
2013	\$46,854	\$66,415	\$5,997

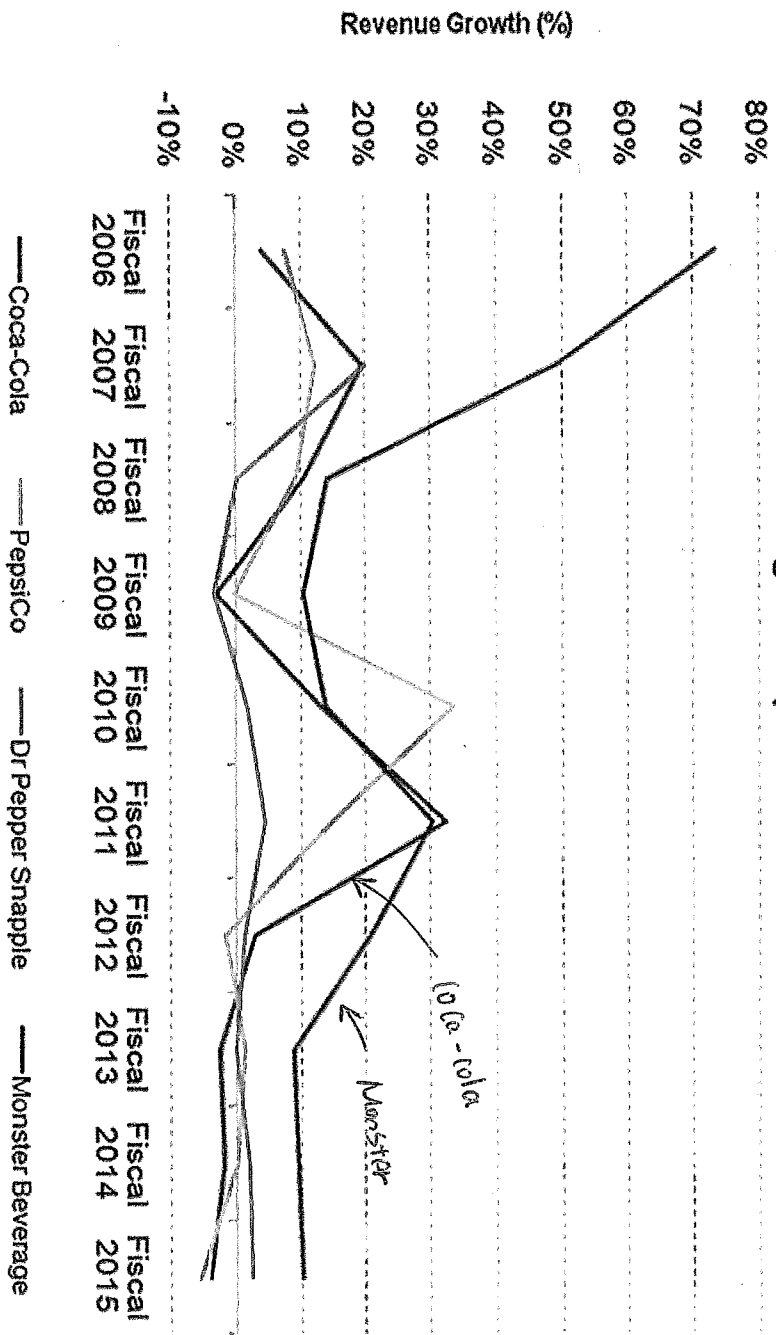
Annual Revenue Comparison



Appendix 6:

Nonalcoholic Beverage Companies: Trend in Revenue (Market Realist, 2016).

Nonalcoholic Beverage Companies: Trend in Revenue



Market Realist

Source: Respective Company Websites

Appendix 7:

Trend in US Carbonated Soft Drink Volumes (Market Realist, 2016).

Trend in US Carbonated Soft Drink Volumes



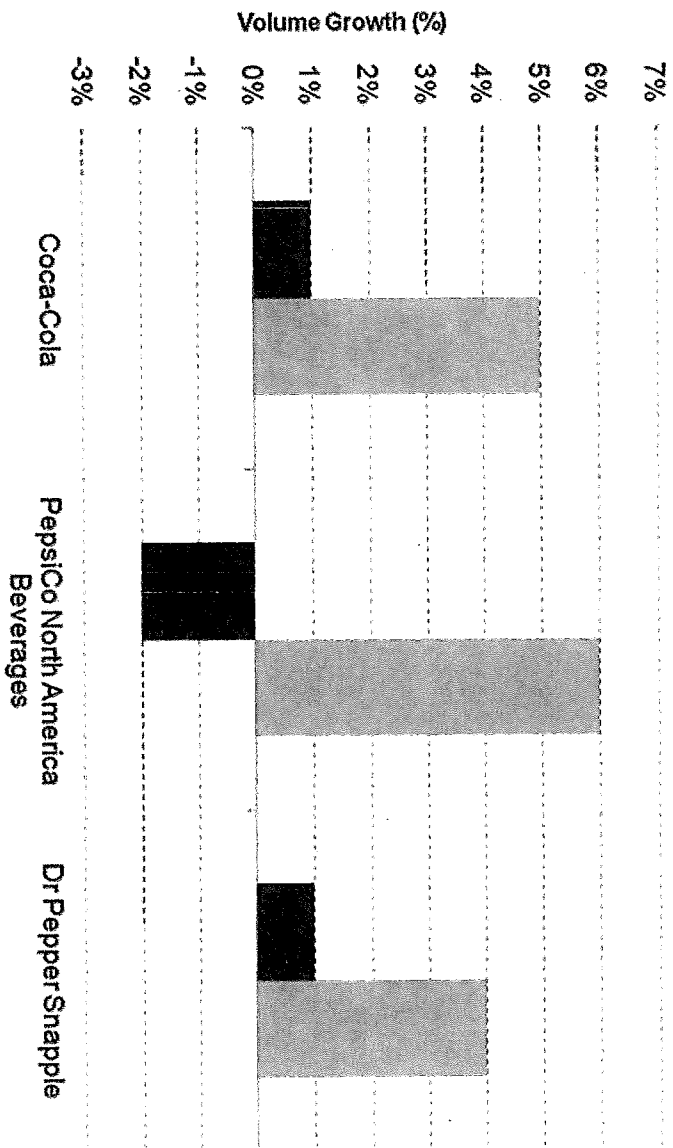
Market Realist

Source: Beverage Digest

Appendix 8:

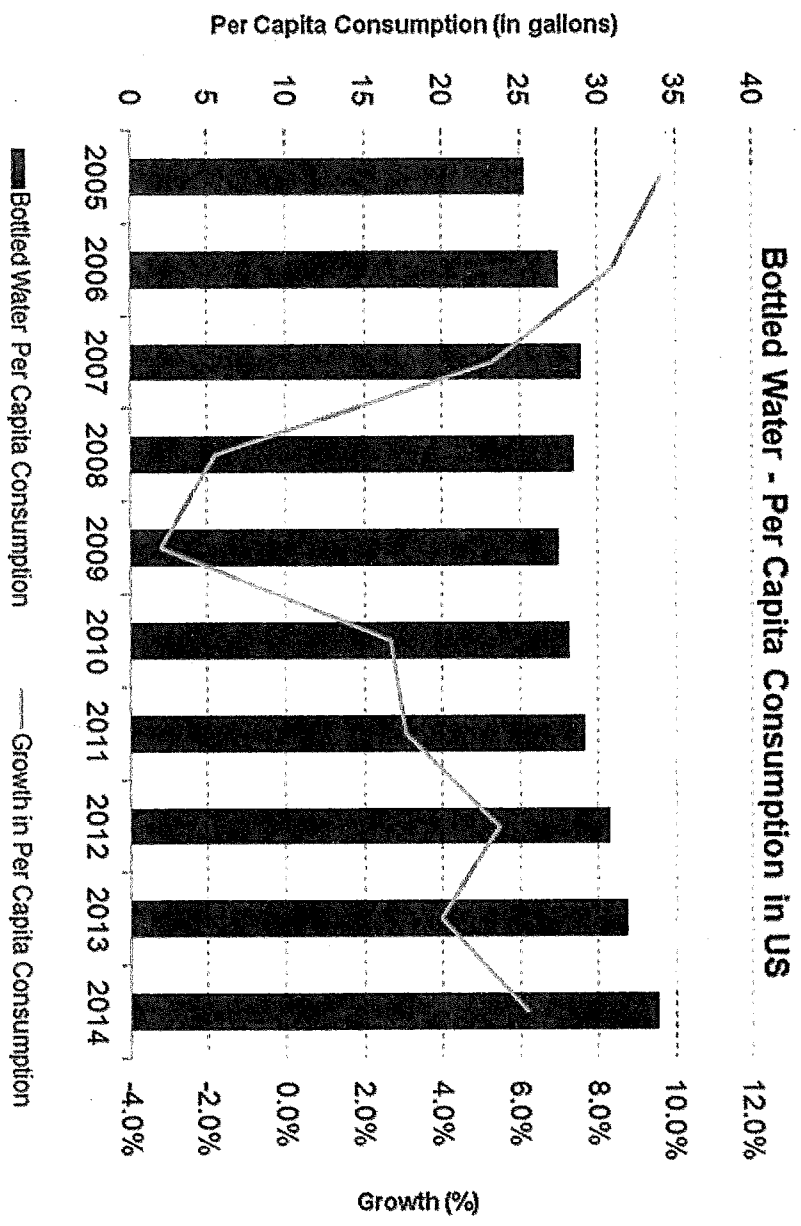
Nonalcoholic Beverages: Volume Growth by Category (Market Realist, 2016).

Nonalcoholic Beverages: Volume Growth by Category (2015)



Appendix 9:

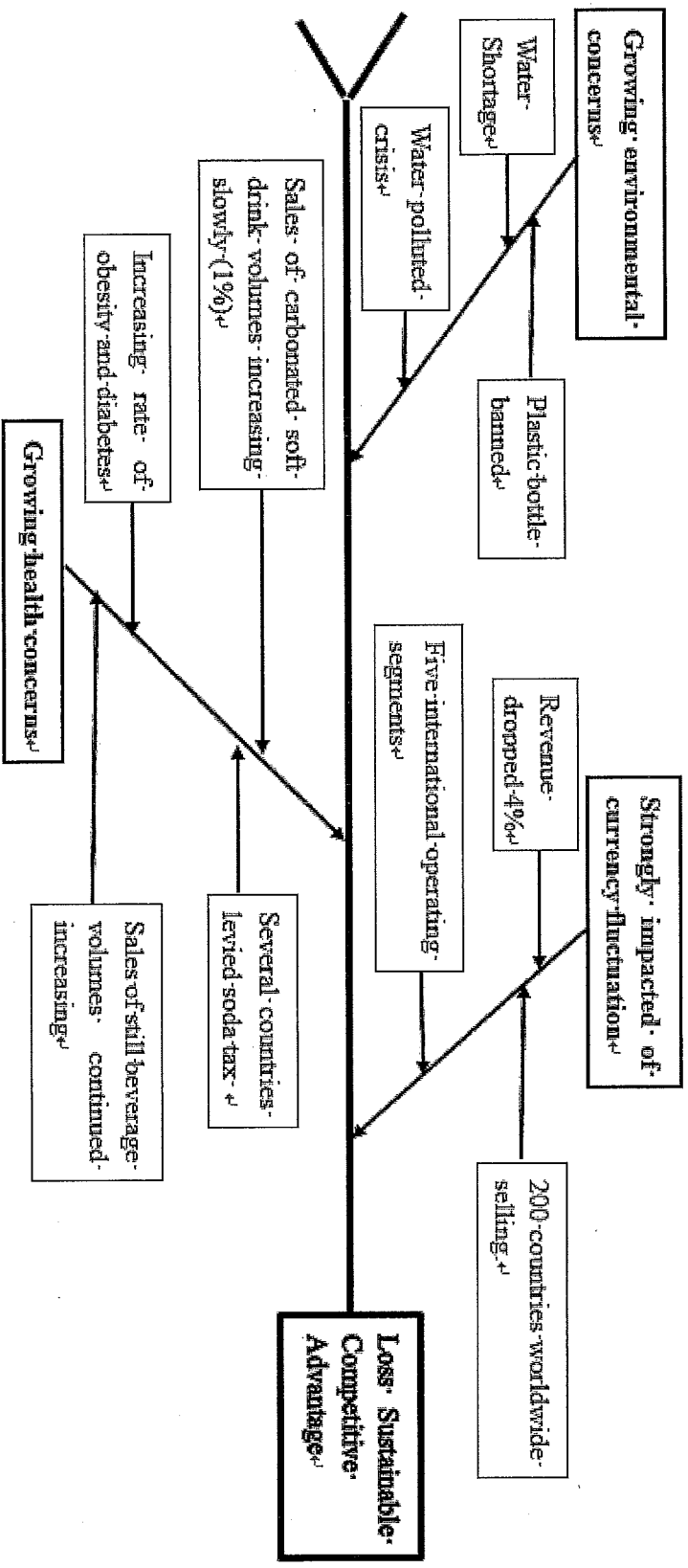
Bottled Water Per Capita Consumption in US (Market Realist, 2015).



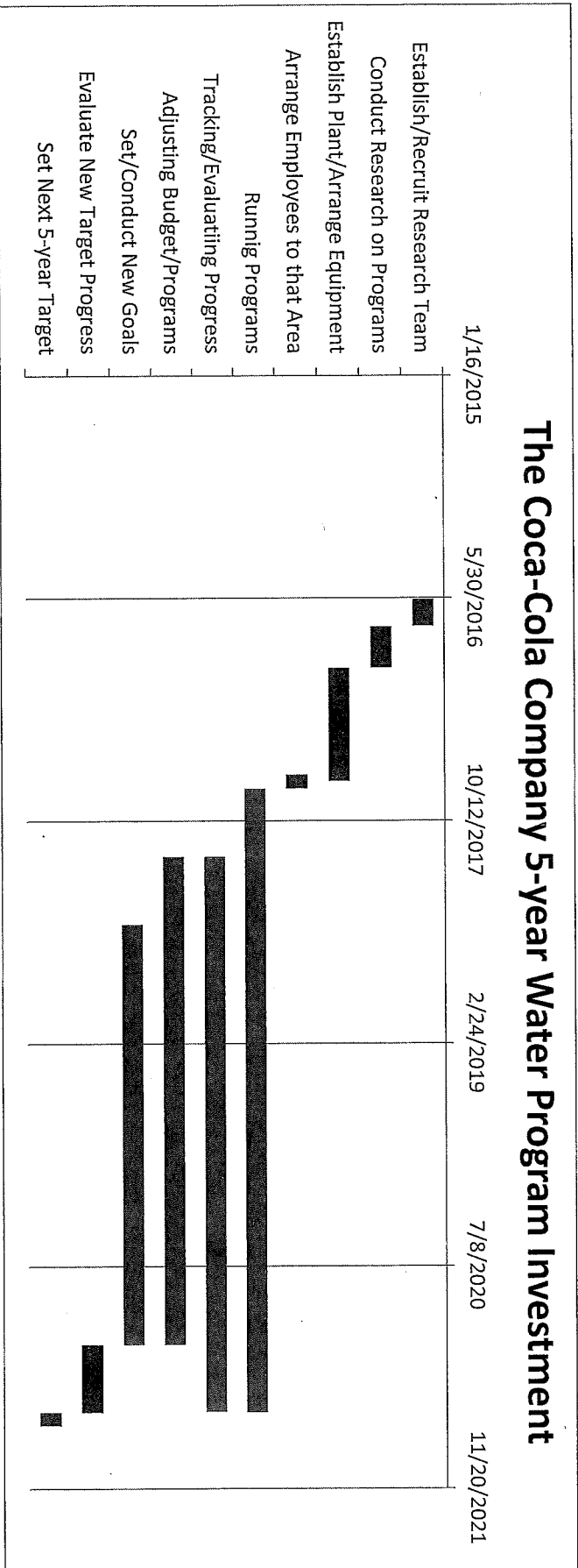
Market Realist

Source: Beverage Marketing Corporation

Appendix 10: Fishbone Diagram



Appendix 11: GANTT Chart



Appendix 12: SWOT Analysis

Strengths

Dominant market presence built on strong brand portfolio
Strong bottling partnerships
Strong global footprint emphasizing on emerging countries

Opportunities

Changing consumer preferences creating opportunities in the health space
Increased environmental concerns prompting consumers to buy environment-friendly products
Strategic investments to accelerate growth in Indonesia

Weaknesses

Product quality issues and frequent recalls

Threats

Regulations that affect sales at certain points of sale
Water scarcity and poor quality could impact production costs and capacity
Rising labor wages in the US

(Market Line, SWOT analysis)