



## **CASE STUDY**

### **BRAND MANAGEMENT**

#### **COCA-COLA'S MICRO ENVIRONMENT**

The marketing department of Coca-Cola develops core strategies for company brands to make sure that all communication is consistent in all the markets. With a combined effort, the Coca-Cola system attempts to maximize its resources for profitable growth and market leadership. The marketing departments are responsible for product's advertisement, marketing and promotion. If all these departments perform their duty effectively, then the objectives of the Coca-Cola Company will be met. Coca-Cola agreed to swap some brands and buy a 17% stake in Monster Beverage Corp. for about \$2.15 billion, increasing its bet on the rapid growth of the energy-drink market. Under the agreement, the two companies will share their production, marketing and distribution.

Marketing intermediaries aid the company in promoting, selling and distributing its goods to the end customers. Intermediaries encompass marketing agencies, distribution firms and resellers. For example, in a deal, Coke joined hands with a US-based company Wendy that it will provide coke to all the fast-food chains located in the US. In this case, Wendy is an important example of intermediary for coke.

Suppliers offer raw materials and resources that are required by the firms to produce goods and services. For example, bottling partners is a company-owned entity, namely Hindustan Coca Cola Beverages Ltd. Suppliers always play a crucial role in the operations of every firm.

Customers of coke differ massively in terms of age. From kids to youngsters, youngsters to elders and elders to older people, coke has always captured high customer attention for decades. For example, with the help of market survey, Coke finds that one million US population drinks coke with breakfast every single day. This is how coke has been favorite drink of customers for centuries. Recent survey shows that coke is the only product in the world of which more than 85% of the population is well aware. All companies have to keep updated study of their customers. In case of coke, the company has always maintained excellent customer retention.



Coca Cola's annual Stakeholder Panel is particularly insightful with members of the Panel drawn from NGOs, academia, investors, trade associations, suppliers and other technical experts. The Panel's scope is to identify emerging risks and opportunities, and to encourage company demonstrate ever-greater leadership and innovation.

## QUESTIONS

1. What are the micro business environment components of Cola-Cola as in the case mentioned above?

(Hint: Marketing intermediaries, suppliers, customers, stakeholders.)

2. How has Coca-Cola maintained its customer base?

(Hint: Coke finds through market survey that one million of the US population drinks coke with breakfast every day. This is how coke has been a favorite drink of customers for centuries.)



### **Toshiba's Corporate Strategy**

Toshiba firmly believes that a single company cannot dominate any technology or business by itself. Toshiba's approach is to develop relationships with different partners for different technologies. Strategic alliances form a key element of Toshiba's corporate strategy. They helped the company to become one of the leading players in the global electronics industry. In early 1990s Toshiba signed a co-production agreement for light bulb filaments with GE. Jack Welch, the legendary former CEO of GE, was a Toshiba's admirer. According to him, a phone call to Japan was enough to sort out problems if and when they arise, in no time. Since then, Toshiba formed various partnerships, technology licensing agreements and joint ventures. Toshiba's alliance partners include Apple Computers, Ericsson, GE, IBM, Microsoft, Motorola, National Semi Conductor, Samsung, Siemens, Sun Microsystems and Thomson. Toshiba formed an alliance with Apple Computer to develop multimedia computer products. Apple's strength lay in software technology, while Toshiba contributed

its manufacturing expertise. Toshiba created a similar tie-up with Microsoft for hand held computer systems. In semiconductors, Toshiba, IBM and Siemens came together to pool different types of skills. Toshiba was strong in etching, IBM in lithography and Siemens in engineering. The understanding among the partners was limited to research. For commercial production and marketing the partners decided to be on their own. In flash memory, Toshiba formed alliances with IBM and National Semi Conductor. Toshiba's alliance with Motorola has helped it become a world leader in the production of memory chips. The tie-up with IBM has enabled Toshiba to become a world's largest supplier of color flat panel displays for notebooks. Toshiba believes in a flexible approach because some tension is natural in business partnerships, some of which may also sour over time. Toshiba executives believe that the relationship between the company and its partner should be like friends, not like that of a married couple. Toshiba senior management is often directly involved in the management of strategic alliances. This helps in building personal equations and resolving conflicts.

#### **Question**

1. Critically evaluate Toshiba's strategy and measure the results.