

The Value of Logistics in Coke's Marketing Mix

Coca-Cola is a product/brand that has been around for well over 100 years. Today it is widely available and is acknowledged as the most valuable brand in the world.

In this task you simply need to determine (from the information provided); which one of the 4P's is the most important in their marketing mix?

A Discussion About Coca-Cola's Marketing Mix

Corrine: It's clear that Coke's success is built on its product. Many people prefer the taste of Coke to other drinks. Remember, back in the 1980's they actually tried to withdraw traditional Coke from the American market, and the consumer backlash was so bad that they forced to reintroduce the product.

Oliver: I agree that the product plays some part, but that's only because all consumers have grown up with Coke. The taste is familiar and is almost like 'an old friend'. Therefore, I think it's all about familiarity, rather than the particular taste of the product.

Kim: You probably have a point there. Don't the cola taste-tests normally show that a slight majority of the market prefers Pepsi to Coke? So, if it was all about taste, then Pepsi, not Coke, should be the market leader.

Eddie: That's exactly right. Coke's success is clearly based on the strength of their brand. All those years of heavy promotion has burned their brand name into our brains. Like at a restaurant, you ask for a Coke, not a cola.

Clarke: Actually, I think that their success gets down to their availability. I mean you can buy Coke in every convenience store, gas station, and supermarket in the country. Not to mention McDonald's, movie cinemas, bars, restaurants, and vending machines. The fact that you don't have to walk far to buy a can of Coke is the true secret of their success.

Olivia: Also with that, they must work very hard with their logistics system as (unlike some other products) their products are rarely out of stock.

Kevin: All that is fine, but they do a great job with price as well. Take a large bottle of Coke at a supermarket for instance – the standard price is around \$2.50. Compare that to the same size bottle of chocolate milk or orange juice, which both retail at around \$4. Therefore, Coke sells well because it provides such good value to consumers.

Edith: Plus Coke often has special deals – you know discounts, competitions and other sales promotions, which means even more value for consumers. Therefore, I would agree that price and value has been their key to success.

Student Discussion Questions

1. Considering their marketing mix/strategy, how would you rate the role of each of the 4P's in their success?
2. What has been the role of logistics/place in their overall market success?
3. Explain how efficient logistics leads to benefits both for the firm and for their customers.
4. How easy is it for their competitors to copy this approach? Does this capability provide a sustainable competitive advantage?