

Global Marketing Mix Report

Coca Cola in Mexico



By: Matt Dinse, Michael Lemmens, Connor Gawlick,
and Cody Buechel

MKT 375 – Global Marketing

Dr. Birgit Leisen Pollack

14 December 2020

GLOBAL MARKETING MIX REPORT & COUNTRY PROFILE

Executive Summary

Coca-Cola is made and distributed by the Coca-Cola Company. The Coca-Cola Company was founded in 1892 with its first product being Coca-Cola. Coca-Cola Company now owns and distributes many brands of soft drinks, water, juices, dairy, coffee, and tea products. The Coca-Cola Company's headquarters is in Atlanta, Georgia and sells and distributes its products to more than 200 countries. Coca-Cola has a decent variety of variants of Coca-Cola such as Diet Coke, Coke Zero Sugar, Coca-Cola Cherry, etc. However, the main original Coca-Cola flavor has remained unchanged. Coca-Cola earned 37.27 billion dollars of revenue in 2019. The core target market of Coca Cola remains consistent throughout their global expansion. This core consists of mainly youth individuals, regardless of gender, who range from 12 years old to 30 years old. "Mexican Coca-Cola is sold in a thick 355 ml (12.0 US fl oz) or 500 ml (17 US fl oz) glass bottle, which some have described in contrast to the more common plastic American Coca-Cola bottles as being "more elegant, with a pleasingly nostalgic shape" (Mexican Coke 2020). The most commonly found product of Coca Cola is their Sabor Original flavored Coke. Sabor Original is the classic Coca Cola Flavor offered in most restaurants and stores in Mexico.

Introduction

Product Overview

The well-known and cherished carbonated beverage Coca-Cola is owned, created, and manufactured through the Coca-Cola Company. Coca-Cola was the very first product produced by the Coca-Cola Company and was first made and sold on May 8th, 1886 according to the Coca-Cola Company's webpage. This product was first used to be a remedy treatment for many aches and pains such as heartburn, headaches, and nausea among other things. It was first sold at soda fountain stores, then eventually became bottled in 1894 in which it can still be purchased in today. They then started bottling it in cans in 1960 and then eventually into the 2-liter plastic bottles in 1977. Coca-Cola is made into a concentrate that is mainly consisted of coca leaves, kola nuts, and cane or high-fructose corn syrup and the rest of the secret formula that Coca-Cola keeps in a high security vault that only two people in the world have access to. Coca-Cola has a decent variety of variants of Coca-Cola such as Diet Coke, Coke Zero Sugar, Coca-Cola Cherry, etc. However, the main original Coca-Cola flavor has remained unchanged except for a short 77-day flop of "New Coke" that made the Coca-Cola Company realize that people want the same old Coke that they know and love.

Company Overview

Coca-Cola is made and distributed by the Coca-Cola Company. The Coca-Cola Company was founded in 1892 with its first product being Coca-Cola. Coca-Cola Company now owns and distributes many brands of soft drinks, water, juices, dairy, coffee, and tea products. The Coca-Cola Company primarily makes the concentrates and syrups for the soft drinks that are distributed with their name on them, however, most of Coca-Cola's production is not through the finished product but by selling concentrates to franchised manufacturers and distributors where they buy the concentrate and then sell the product. Coca-Cola also bottles and sells some of the finished products themselves, but only accounts for 36% of their 2018 sales. The Coca-Cola Company's headquarters is in Atlanta, Georgia and sells and distributes its products to more than 200 countries.

Country Overview

In Mexico, the main production and distributor of Coca-Cola products in partnership with the Coca-Cola Company is Coca-Cola FEMSA. This partnership has been around since 1993 when they were first announced on the Mexico Stock Exchange and the NYSE. Coca-Cola FEMSA in Mexico has 17 bottling plants and 145 distribution centers. Coca-Cola FEMSA is Coca-Cola's highest sales volume vendor in the world and is present and distributes its products throughout 10 countries altogether between Latin America and South America. Coca-Cola FEMSA places great importance as a company to being sustainable with its energy use and packaging, as well as affecting millions of people with helping them through their healthy habits initiative.



Pictured Above: Coca-Cola FEMSA logo

Company Profile

History

Coca-Cola, On May 8th, 1886, Dr. John Pemberton sold the first class of Coca-Cola at Jacobs' Pharmacy. He walked down the street carrying a jug of the new product and would sell Coca-Cola for five cents a glass. This company was founded in Atlanta and in the first year of production he sold a modest 9 drinks per day. His bookkeeper, Frank Robinson, chose the name

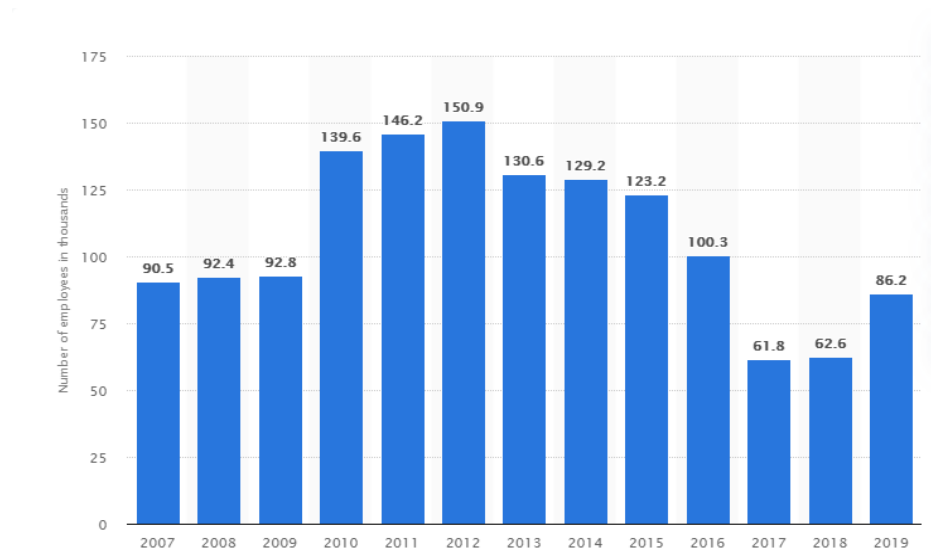
for the drink and penned it in the flowing script that became the Coca-Cola trademark. Originally, Coca-Cola was made with cocaine which was extracted from the coca leaf and kola nut. This was removed by 1903 because it was not practical to sell. By 1891 another Atlanta pharmacist, Asa Griggs Candler (1851–1929), had secured complete ownership of the business (for a total cash outlay of \$2,300 and the exchange of some proprietary rights), and he incorporated the Coca-Cola Company the following year. The trademark “Coca-Cola” was registered in the U.S. Patent Office in 1893. Coca-Cola was once again sold in 1919 for 25 million dollars to a group of investors led by Ernest Woodruff. The trademark “Coke” was first developed in 1941 and registered in 1945. They needed a new way to brand the product after going through the struggles of World War II. In the same year they bought the rights to Fanta which was previously a Germany soda. A few years in the early 1960’s came the addition of Sprite, Minute Maid, and Fresca. In the 1970’s Coca-Cola took Mexico by storm. In 1978 Coca-Cola became the only company allowed to sell cold packed beverages to the Republic of China. Then, in the early 1980’s they added Diet coke and a couple new flavors of coke to address their decline in market share. This addition of the new coke was not received well by the general public and they quickly converted back to the original coke. In the early 1990’s the company started to really take off and they started expanding to countries like Germany, India, and Asia. During this time, they started to add additional products besides soft drinks, such as Qoo children’s fruit, Powerade sports drink and Dasani bottled water. By the end of the 1990’s Coca-Cola was in more than 120 countries worldwide. In the early 2000’s they faced their first big allegation which came in a human rights lawsuit from the United Steelworkers of America. In 2007, they once again were focused on adding additional products which included Coke Zero and numerous energy drinks. Throughout the 2010’s they focused on developing a few other variations of Coke and perfecting their existing products.

Product Markets

Over the years Coca-Cola has developed and bought many successful brands. These brands are now stable items in most households worldwide. These products are Coke, Sprite, Fanta, Schweppes, Dasani, Smart water, Powerade, VitaminWater, Minute Maid, Innocent, Simply, Fairlife, Georgia Coffee, Costa coffee, Fuze Tea, Honest, Gold Peak, Peace Tea and Coke brand energy drink which was released in 2020. All these products have numerous different flavors and healthy alternatives. This company continues to try and add new products to this product category and diversify for the future. Coca-Cola has a high market share in the soda, coffee, juice, and tea industry.

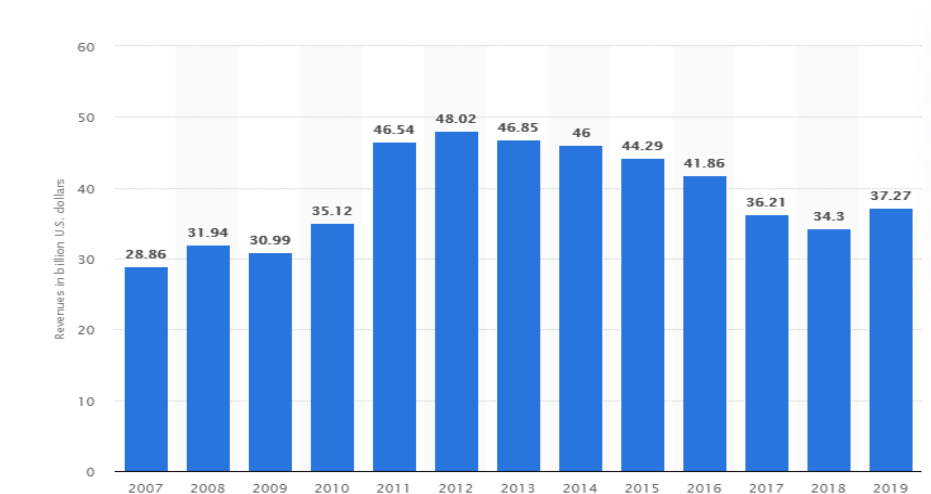
Size

Coca-Cola is one of the most well-known companies around the world. They sell products in over 200 countries, which is almost every country in the world. “As of Nov. 2015, the company had over 900 bottling and manufacturing facilities located around the globe. Those facilities are owned by over 250 independent franchises and Coca-Cola. Coca-Cola currently has 86,200 employees working for the company. Coca-Cola owns 42.5 % of the soft drink market share.”




Revenue/Profit

Coca-Cola earned 37.27 billion dollars of revenue in 2019. That was a 9.17% increase in sales from 2018 when it previously dropped 2.4%. Their sales are driven mainly by soft drinks, but all the other subcategories make up a decent chunk of their sales every year. On average, over 10,000 soft drinks from Coca-Cola are consumed every second of every day globally. In a year, coke makes US\$ 1 Billion from each of its 20 brands.




Foreign Country Profile: Mexico

Official Name of the Country: United Mexican States	
Geographic Information	
Location	<p>North America, bordering the Caribbean Sea and the Gulf of Mexico, between Belize and the United States and bordering the North Pacific Ocean, between Guatemala and the United States</p> 
Capital	Mexico City (5th largest populated city in the world)
Terrain	High, rugged mountains; low coastal plains; high plateaus; desert
Climate	Varies from tropical to desert
Social/Cultural Factors	
Population	128,649,565 (World Rank:10)
Age Structure	<p>0-14 years: 26.01%</p> <p>15-24 years: 16.97%</p> <p>25-54 years: 41.06%</p> <p>55-64 years: 8.29%</p> <p>65 years and over: 7.67%</p>

	<p>Mexico - 2020</p> <p>Population (in millions)</p> <p>Male Female</p>
Languages	<p>Spanish only 92.7%, Spanish and indigenous languages 5.7%, indigenous only 0.8%, unspecified 0.8%</p> <p>*Note: indigenous languages include various Mayan, Nahuatl, and other regional languages*</p>
Literacy Rate (Definition: age 15 and over can read and write)	<p>Total Population: 95.4%</p> <p>Male: 95.8%</p> <p>Female: 94.6%</p>
Social Class/Caste	<p>“Mexican society is sharply divided by income and educational level. Although the middle class has struggled to expand in the cities, the principal division is between the wealthy well-educated elite and the urban and rural poor, who constitute the vast majority of the population” (Britannica)</p>
Hofstede Cultural Dimension	<p>Very high score of 97 toward Indulgence. Mexican culture generally exhibits a willingness to realize their impulses and desires about enjoying life and having fun</p>

	<div> <div>Mexico ×</div> <table border="1"> <thead> <tr> <th>Cultural Dimension</th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>Power Distance</td> <td>81</td> </tr> <tr> <td>Individualism</td> <td>30</td> </tr> <tr> <td>Masculinity</td> <td>69</td> </tr> <tr> <td>Uncertainty Avoidance</td> <td>82</td> </tr> <tr> <td>Long Term Orientation</td> <td>24 (estimated)</td> </tr> <tr> <td>Indulgence</td> <td>97</td> </tr> </tbody> </table> </div>	Cultural Dimension	Score	Power Distance	81	Individualism	30	Masculinity	69	Uncertainty Avoidance	82	Long Term Orientation	24 (estimated)	Indulgence	97
Cultural Dimension	Score														
Power Distance	81														
Individualism	30														
Masculinity	69														
Uncertainty Avoidance	82														
Long Term Orientation	24 (estimated)														
Indulgence	97														
Religions	Roman Catholic 82.7%, Pentecostal 1.6%, Jehovah's Witness 1.4%, other Evangelical Churches 5%, other 1.9%, none 4.7%, unspecified 2.7%														
Business Etiquette	<ol style="list-style-type: none"> 1. Start and Finish the Workday Later: generally, begins at 9-9:30 am and ends at 7 pm or later 2. Formal Business Lunches: fine dining and last multiple hours 3. High Value on Introductions: when first meeting a client, have a business card on hand with you and ready to present while introducing yourself, along with a firm handshake 														
Urbanization	80.7% of total population Rate of Urbanization: 1.59% annual rate of change														
Population Distribution	Most of the population is found in the middle of the country between the states of Jalisco and Veracruz; approximately a quarter of the population lives in and around Mexico City														
Major Urban Areas – Population	The largest city in Mexico is its capital, Mexico City, with a population of 21.782 million. Other notable areas include: 5.179 million Guadalajara 4.874 million Monterrey 3.195 million Puebla 2.467 million Toluca de Lerdo 2.140 million Tijuana														
Economic Factors															
World Bank Classification (income)	Upper middle income with a GNI per capita of \$9,430														
GDP (purchasing power parity)	\$2.463 trillion (World Rank: 11)														

GPD per Capita (purchasing power parity)	\$19,900 (World Rank: 90)
Unemployment Rate	3.49% (World Rank: 48)
Human Development Index	0.767 (World Rank: 76) *Aggregate score of life expectancy, education, and per capita income indicators*
Prosperity Index	Ranked 68th in the World (out of 167 countries)
Major Industries	Food and beverages, tobacco, chemicals, iron and steel, petroleum, mining, textiles, clothing, motor vehicles, tourism
Currency	Mexican Pesos
5 Year Exchange Rate History (Mexican pesos per U.S. dollar)	<p>*Note: ranking is based on a variety of factors including wealth, economic growth, education, health, personal well-being, and quality of life*</p> 
Labor Force	50.914 million (World Rank: 12)
GDP (real growth rate)	-0.3% (World Rank: 197)
Inflation Rate	6% (World Rank: 186)
Political Factors	
Political System	Federal Republic
Economic Ideology	“Mexico has a mixed economy, which means that it is made up of both privately-owned and state-owned companies. The government also regulates economic activity. Development is occurring at a rapid rate and private investments and businesses have also been increasing. Currently, the economy of Mexico is the 15th largest in the world” (World Atlas)
Country Risk Index	59.8 (rose 2 from 2019, yet still fairly unstable)

	*Note: the highest possible score is 100)
Corruption Index	Highly Corrupt - 29/100 (World Rank: 130)
Political Stability	-0.71 (World Rank: 152)
Top 3 Export Partners	US 79.9% Canada 3% Germany 1.5%
Top 3 Import Partners	US 46.4% China 17.7% Japan 4.3%
Corporation Tax Income	Headline CIT rate: 30% *For reference, the United States is at 21%*
Notable International and Regional Organization Participation	
Asia-Pacific Economic Cooperation (APEC)	an inter-governmental forum for 21 member economies in the Pacific Rim that promotes free trade throughout the Asia-Pacific region
G-20	an international forum for the governments and central bank governors from 19 countries and the European Union
United States–Mexico–Canada Agreement (USMCA)	a free trade agreement concluded between Canada, Mexico, and the United States; successor to the North American Free Trade Agreement (NAFTA)
Key United Nations Entities	International Labour Organization; International Monetary Fund; Interpol; Organisation for the Prohibition of Chemical Weapons; United Nations Conference on Trade and Development; United Nations Educational, Scientific and Cultural Organization; United Nations High Commissioner for Refugees; World Health Organization; World Trade Organization

Foreign Country's Target Market, Marketing Mix, and Positioning Review

Target Market

The core target market of Coca Cola remains consistent throughout their global expansion. This core consists of mainly youth individuals, regardless of gender, who range from 12 years old to 30 years old. This can be seen through Coca Cola's partnerships with other brands and organizations that primarily serve that age segment, such as McDonalds or other fast-food chains. Specifically, Coca Cola claims to target groups of people who embrace the mobile integration into our lives. More generically, "Their targeting is not based on gender, but the results show that both genders like this product and use it (almost 50/50)" (Vendredi 2012). Another key target market they are striving to hit not only in the Mexico market, but worldwide is with individuals who have a "sweet tooth." More specifically, individuals who enjoy caffeinated and sugary drinks on a regular basis. Not surprisingly, this is directly related towards their specified market, youth. According to a study done by the American Heart Association, "More than 60 percent of all kids and teens ages 2-19 had at least one sugar-sweetened beverage a day between 2011 and 2014. The consumption of sugary drinks generally increased among children as they got older, with boys drinking more of them than girls, the study found" (American Heart Association 2017). This is a shocking statistic and leads us to believe that Coca Cola has the right idea in mind as to who they should be marketing. This same study also concluded that "18 percent of girls and 20 percent of boys drank at least two sugary drinks a day. About 10 percent of kids drank three or more" (American Heart Association 2017). This means that Coca Cola, although not publicizing this information, might push marketing towards youth males, who have a slightly higher preference for sugary drinks. Despite Coca Cola claiming they do not market to children less than 12 years old, several advertisements have made their way to children's shows. An article written in 2016 by Center for Science in the Public Interest states "Coke's policies bar marketing that "directly" targets children under 12 and in which 35 percent or more of the audience is composed of children under 12. But Coke advertises on family-oriented TV shows, at theme parks, and other venues that reach huge numbers of children. While the company says it won't use celebrities or characters whose primary appeal is to children under 12, it exempts its own "equity characters" like the Coke polar bears, and it uses Santa Claus in advertising throughout the world" (Center for Science in the Public Interest 2017). These statements lead us to believe that the overall target market for Coca Cola is individuals between the ages of 12-30 years old who are either male or female. However, some information that has been reported on shows that the lower range of that age categorical might not be accurate, leading us to believe that some marketing starts as early as 7 years old.

Marketing Mix

Product

Unlike other brands who venture to other areas of the World, Coca Cola remains somewhat consistent within their product lineup. Specifically, the main product sold in Mexico is a singular bottle of Coca Cola. This type of beverage is manufactured and distributed significantly different than the same beverage in other countries. "Mexican Coca-Cola is sold in a thick 355 ml (12.0 US fl oz) or 500 ml (17 US fl oz) glass bottle, which some have described in contrast to the more common plastic American Coca-Cola bottles as being "more elegant, with a pleasingly nostalgic shape" (Mexican Coke 2020). These bottles are sold in individual packaging and in four packs, which is traditional for most beverages sold in Mexico.

Below are examples of the bottling and the four packs commonly sold:



As it pertains to the actual beverage itself, the ingredients differ for the blend sold in Mexico. The ingredient mix for Coca Cola in Mexico is as follows: Carbonated Water, Sucrose, Caramel Color, Phosphoric Acid, Natural Flavors, Caffeine. The ingredient mixes for Coca Cola sold in America is as follows: Carbonated Water, High Fructose Corn Syrup, Caramel Color, Phosphoric Acid, Natural Flavors, and Caffeine. The key difference in these two formulas is that the Mexican flavor combination does not include any high fructose corn syrup, something that is commonly seen in most American soda. The calorie count for a generic 12oz of Coca Cola for Mexican and American bottles is 150 cal and 240 cal, respectively. This means that the American Coca Cola has significantly more calories, which is not to anyone's surprise. Shown below are the differences in nutrition facts for each comparison:

▼ Mexican Coke 12 oz Glass Bottles			Nutrition Facts	
Serving Size 1.00 bottle			1 serving per container	
Serving Per Container 4			Serving size 1 Bottle	
Amount Per Serving			Amount per serving	
			Calories	240
			% Daily Value*	
Calories	150		Total Fat 0g	0%
		%DV	Sodium 75mg	3%
Total Fat	0g	0%	Total Carbohydrate 65g	24%
Sodium	85mg	3%	Total Sugars 65g	
Total Carbohydrate	39g	13%	Includes 65g Added Sugars	130%
Sugars	39g		Protein 0g	
Protein	0g		* Not a significant source of saturated fat, trans fat, cholesterol, dietary fiber, vitamin D, calcium, iron and potassium.	
*Percentage Daily values are based on a 2,000 calorie diet. Your Daily values may be higher or lower depending on your calorie needs			Caffeine Content: 57 mg/20 fl oz	

Although the comparison between American Coca Cola and Mexican Coca Cola is not the main field of study, it is an important factor to use for comparison and showing how the products differ.

Another key aspect of the Coca Cola sold in Mexico is the use of cane sugar, something that is unique to this market. According to an article written by Mike Dang in 2013, “Mexican Coke uses real cane sugar (instead of the Coke in the U.S. which uses high-fructose corn syrup) and is bottled in small glass bottles—this for some people is all the difference” (Mike Dang 2013). He argues that not only is it the use of cane sugar instead of high fructose corn syrup that changes the flavor profile, but it is the use of glass bottles that changes the user experience completely.

Not only has Coca Cola changed its packaging in the region of Mexico, but it is also changed its flavors. Below are each of the flavors offered in most stores and restaurants in Mexico. Although most of these beverages are primarily sold in glass bottles, they can also be sold in 12oz cans, which are much more recognizable and can easily be detected by their contrasting colors. These cans are unique and are projected to be available to the public of Mexico in 2020.

Coca Cola – Sabor Original

Sabor Original is the classic Coca Cola Flavor offered in most restaurants and stores in Mexico. These include a traditional red can and/or red ribbon around the bottle.



Coca Cola – Zero Sugar

Zero Sugar can be identified with its use of black lettering, similar to the black cans we see in America. These offer a lower calorie option, but are far less common in Mexico than the traditional “Sabor Original”



Coca Cola – Diet

The packaging of Diet Coca Cola is familiar to that of American Diet Coca Cola, using an aluminum/silver colored can or bottle to identify the diet option.



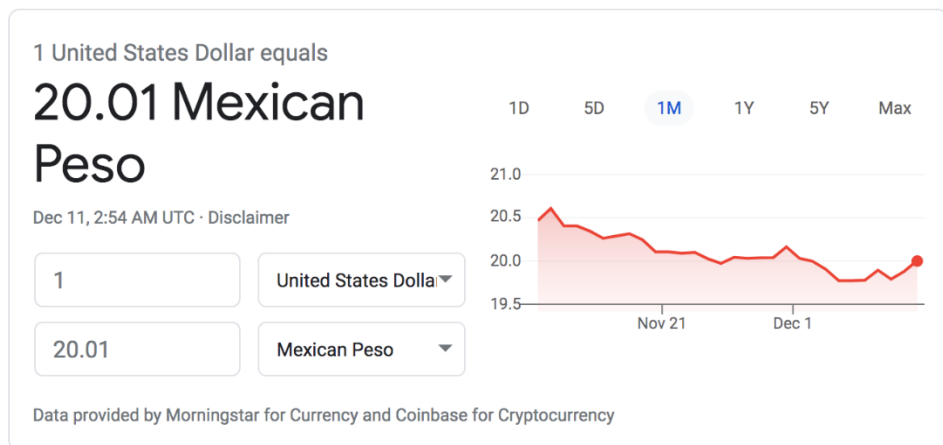
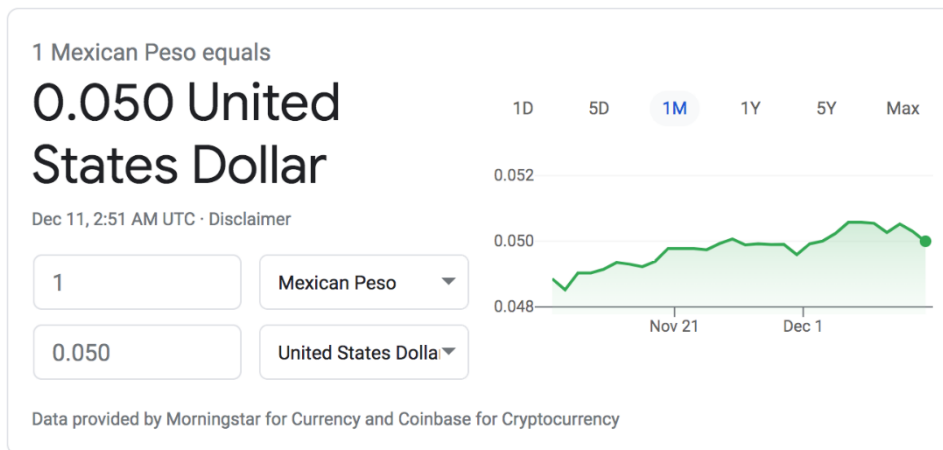
All of the previously mentioned flavors in a plastic bottle, not generally seen.



Price

The price of Coca Cola in Mexico is marginally different from the pricing we are familiar with here in the United States. To fully understand the differences in pricing, we must first have a moderate level of knowledge about each type of currency.

The US dollar is significantly more valuable than the Mexican Peso. In terms of conversion, one Mexican Peso is worth 0.050 US dollars. These evaluations either way can be seen below:



According to a real-time updated website, a 2-liter of Coca Cola in Mexico is priced around 29 pesos (or \$1.43 dollars in America). More importantly, the most common form of Coca Cola (the 12oz bottle) is currently priced around 17.11 Mexican Pesos (or \$0.86 dollars in America). This leads us to believe that Coca Cola is competitively priced in that area of the world. However, the cost of living in Mexico is 51.50% lower than the cost of living in America. When comparing the cost of living specifically from Mexico City to Oshkosh Wisconsin, we see that the cost of living is very consistent with the prior mentioned findings.

Understandably, these prices fluctuate depending on where the beverages are purchased. The difference in price can be somewhat significant when comparing prices from a locally bought

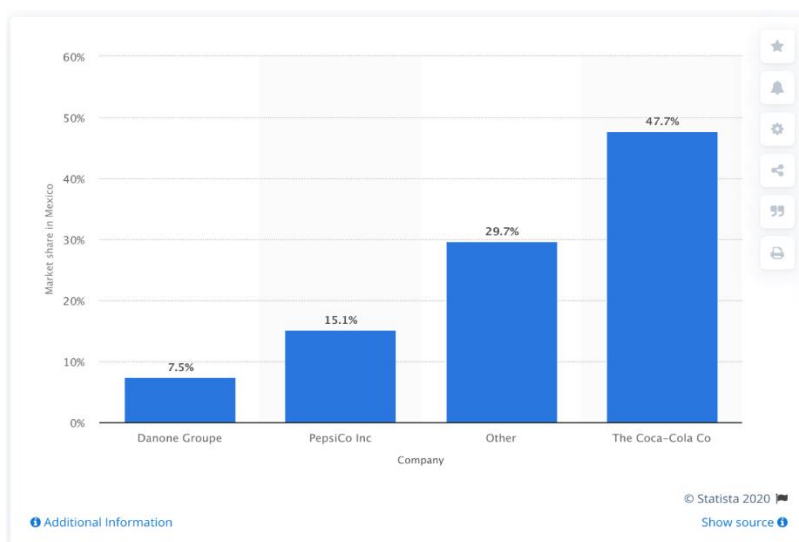
Coca Cola at a local market compared to a glass of Coca Cola purchased from a high-end restaurant.

One of the key factors that influenced price of soft drinks is tax. “As Mexico moved toward implementing a soda tax to combat soaring rates of obesity and diabetes three years ago, the beverage industry fought back hard, warning that sales in the world’s No. 2 consumer of sugary drinks could take a hit. But more than two years later, PepsiCo and Coca-Cola have found ways to prosper in Mexico thanks to alternative beverages and resilient demand, a Reuters review of corporate filings and executive comments shows” (Cohen 2016). This change in the taxes for soft drinks made a significant enough impact on the sales of Coca Cola for them to respond publicly about how they feel about their sales numbers and projections, they seemed to be very confident, but admitted that it did make a dent in their bottom line. The volume aspect can be well stated here, “The companies’ growth in sales volumes has come as individual Mexicans drink less soda - a sign the tax is having its intended effect, public health advocates say.

Mexico’s per-capita consumption dropped 4 percent to 134 liters in 2014, according to data from market research firm Euromonitor. It continued to fall in 2015 and is forecast to inch down in 2016 to 132.2 liters per capita. Bottled water consumption, meanwhile, has soared 50 percent in the past decade” (Cohen 2016). We can see that the sales of soft drinks were continuing to fall as of 2016, but Coca Cola still thrives in this market and their pricing does not seem like a significant issue. However, Coca Cola may want to explore some other opportunities in the water market since they have a great distribution channel already developed in this area.

Competitors

Coca Cola has much of the market share in Mexico, but they are not without some key competition. According to a study done by Statista, Coca Cola Company has 47.7% of the market share. The rest of the distribution can be seen as follows:



Promotion

Even with Coca-Cola having a large amount of the market share in Mexico, they still have been actively promoting their product. According to Statista, in 2017 Coca-Cola spent around 738 million pesos (equivalent to about \$36,654,000 US dollars). According to Statista, in Mexico the majority of advertising spending is focused on TV with 52.7% of ad cost being spent in this area, while internet (23.3%) and outdoor and cinema (12.8%) being second and third, respectively.

One of Coca-Cola's campaign that has created a lot of attention recently that was used worldwide was their "The Great Meal" ad. This ad was created shortly and aired within a few months after Covid-19 changed how the world operates and was shot in multiple countries around the world and is used by each branch of Coca-Cola in these different countries to suit the advertisement to their population. In this advertisement, Coca-Cola wanted to showcase its product around families making and eating meals, showing that it is great product to have while eating. However, their main purpose of this ad was to show families connecting with each other during this time, showing people to enjoy the small things in life and enjoy the people that surround you. With this ad, Coca-Cola kicked off their campaign for the summer of 2020 with "Together Tastes Better" to promote people getting together and enjoying time with their family and friends to promote happiness during this rough time.





**TOGETHER
TASTES
BETTER™**



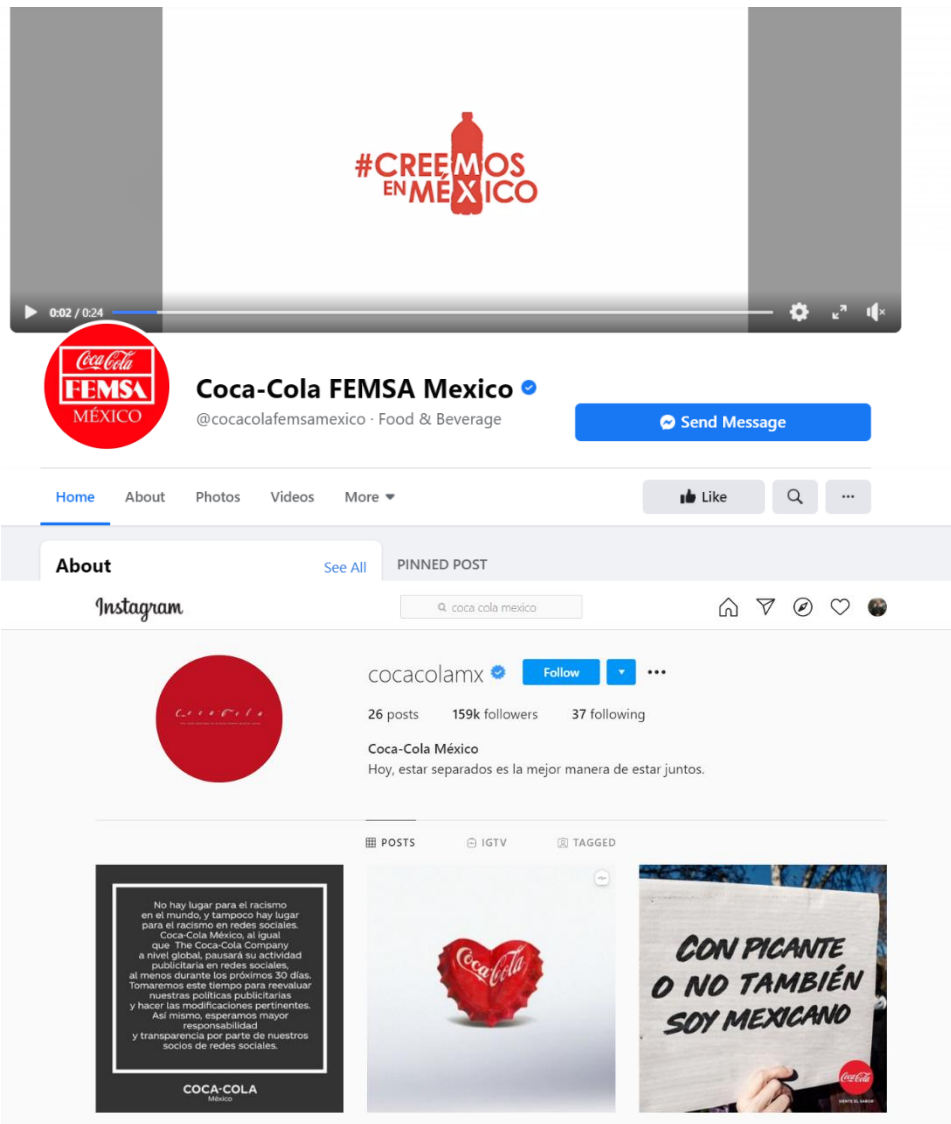
Another successful ad campaign that Coca-Cola set up was another campaign called “Share a Coke.” Coca-Cola in Mexico realized that their awareness and use of Coca-Cola among millennials was shrinking, so in this campaign Coca-Cola in Mexico decided to adapt this successful international campaign towards the millennials in Mexico by showcasing it more on their mobile devices with display ads and at the beginning of YouTube videos: Mexico’s #1 source of entertainment. This campaign focused on finding the top 100 YouTubers that people from Mexico were watching and placing ads that had the name of the content creator, athlete, or singer on cans at the beginning of the video. Also, Coca-Cola used personalized banner ads on Yahoo! to match what the user was interested in. In this campaign, Coca-Cola Mexico was able to increase traffic on mobile devices to 51% of traffic, 175 million social media views, and reach 80% of their intended traffic audience.



Not a lot gets reported of Coca-Cola being in the news in Mexico, but when it is mentioned it is usually not for good reason. Around the time of Christmas in 2015, an ad that Coca-Cola made to show unity among different cultures in the small town in Totontepec in the province of Oaxaca was taken to be discriminatory against the indigenous people. The ad highlighted that people in the area are rejected for speaking their indigenous language and that this prejudice needs to end. However, the ad was taken by the indigenous people as creating more racism and discrimination in the area with the feeling that it paints an 'image of dependency (Uson 2015)' of indigenous people. After this backlash was received, Coca-Cola apologized for the ad and immediately took it down online and on TV.



Coca-Cola Mexico also uses social media channels to utilize their platform on how they are improving communities in Mexico, how people can help out their communities, and any other important news that the company needs to share. On Coca-Cola FEMSA's Facebook account, they currently have over 323,000 likes and over 317,000 people following their account. Mainly on this account, they show content relating to how they are improving communities and organizations around them, how they have improved their worker's lives, and any information (such as fraud that was happening) that vendors of their product need to know about. On their Instagram page, @cocacolamx, their main focus has been showing an artistic way of creating posts together that show Coca-Cola being paired with food, showing the great combination that this product makes. This page is not as active as their Facebook page (last post was on June 20, 2020), but still has 159,000 people following this page. These social media channels that Coca-Cola Mexico uses help paint a positive image of the company that Coca-Cola wants to show to its customers, workers, and the communities they are a factor in.



Place

The distribution of Coca Cola in Mexico is unique compared to most other markets they are involved with. As the current state of the world leaves consumers on a confused path due to the coronavirus, we see that Mexico has consistent sales due to the great levels of distribution and the ability of Coca Cola to get their product in the hands of consumers in several different forms. “By contrast, in Mexico, Coca Cola’s second largest global market after the U.S., sales fell by only 5%. That relatively modest decline was caused by the slumping business at restaurants and at street food stalls, where Coke is the ubiquitous (and invariably cheapest) beverage of choice for washing down tacos, tortas, tamales and the like. Many construction and other manual workers — a key customer segment — have been temporarily laid off since the country’s semi-lockdown began. But apparently, many of those folks bought their coke at the store and drank it at home” (Coca-Cola Confronted by Big Problem 2020). Along with the original Coca Cola

distribution channels, they are paired with FEMSA, which greatly impacts their distribution. “Mexico is also home to independent bottler Coca-Cola FEMSA, which bottles and distributes Coca-Cola and other soft drinks across vast swathes of Latin America, including half of Mexico (also in the Philippines). Roughly one out of ten of all Coca-Cola products sold in the world is distributed by Coca-Cola FEMSA, making it the second largest Coca-Cola bottler in the world, after Coca-Cola Enterprises” (Coca-Cola Confronted by Big Problem 2020). Another reason Coca Cola has experienced success in the Mexico region is due to their strong relationship with local governments. However, these relationships are changing through the years... “But times are changing. In a recent visit to the poverty-hit southern region of Chiapas, where more Coke is consumed than in any other state, Hugo Lopéz Gatell, the virologist leading the government’s pandemic response, likened the risks of consuming junk food to those of consuming alcohol and tobacco. He described sugary drinks as “bottled poison” and packaged cakes and crisps as “toxic food” (Coca-Cola Confronted by Big Problem 2020). Due to these changes, Coca Cola still remains to have a strong level of flexibility when it comes to their distribution channels, but the negative relationships with government officials can lead to hardships in the near future.

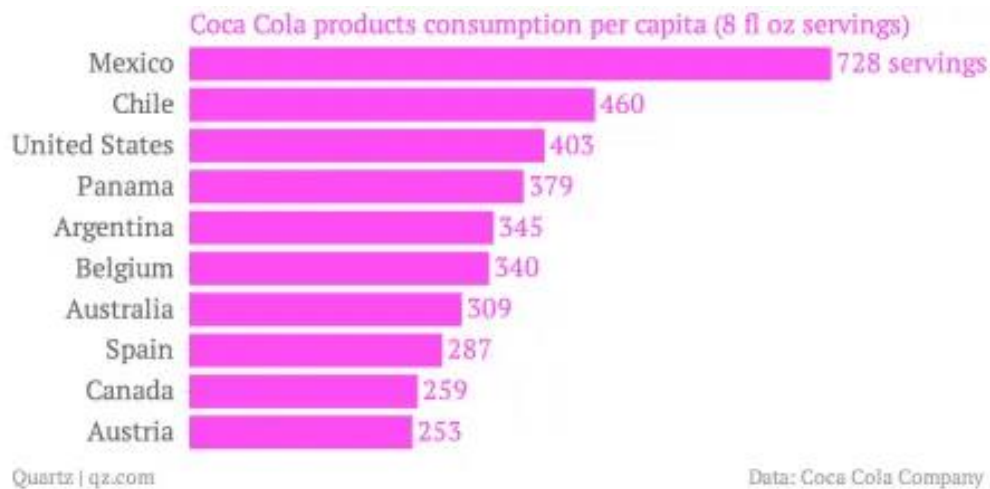


Positioning Review

Coca-Cola is the market leader in Mexico for soft drinks. In a market that drinks a lot of soft drinks and other bottled drinks Coca-Cola has firmly placed themselves at the top of the drink industry in Mexico. Along with the refreshing taste of Coke, they have been successful because of limited access to drinking water in some parts of Mexico. In the Mexican coke they use real cane sugar instead of corn syrup which they do in the USA and other countries. This makes Coke have a sweeter and more natural taste that the Mexican people enjoy almost daily.

Coca-Cola took Mexico and a lot of the Latin American countries by storm in the early 2000’s by adding bottling facilities and working towards developing the non-carbonated drink industry. They were already successful in the carbonated drink industry but have really worked over the

last two decades to get a market share in the non-carbonated industry. “Coca cola FEMSA’s Annual reports in a five-year summery indicate that their strategies are a success, because their main strategy was the increase of profit through the economic scale and product development. Accordingly, annual reports show higher profit growth rate and profitability. However, there is some fluctuation in year 2007 and 2008 because of economic recession in year 2008.”



In some parts of Mexico, (usually the poorer areas) the people in the village will use Coke as a religious item for healing rituals. In, Mexico the poorer the area is the more likely they are to consume more Coke. This has a straight correlation to the drinking water, and in small poor areas of Mexico they do not have access to clean drinking water.



Recommendations for Improvements

Product

The differentiation of the Coca-Cola product in Mexico has been a key competitive advantage, which has led to great success within the country. The main points of difference include the use of cane sugar instead of corn syrup, making the taste of the product better, and packaging the product in a glass bottle instead of plastic. A recommendation for Coca Cola in Mexico regarding its product selection is to stick to those main differences in their other product lines. As outlined above, the Diet Coke and Coke Zero are often found in cans, rather than the signature glass bottle. Providing these 2 offerings in a glass bottle could lead to increase sales for consumers that prefer a soda option with less sugar. Also, Coca-Cola could begin to test the market for other flavor selections popularized in the United States. For example, Coca-Cola could begin to test Cherry Coke in a glass bottle in a select market to understand if there is desire for additional flavors. The classic Coke will still be the main staple in Mexico but providing more options for consumers could help Coca-Cola capture more of the market, which is globally the 11th largest in the world in terms of GDP.

Price

Due to the contrast in the cost of living in Mexico compared to the United States, the prices must remain constant if Coca-Cola wants to have growth at the same or similar rate. As we have discussed before, a general 12oz serving of Coca Cola costs 17.11 Mexican Pesos (or \$0.86 dollars in America). This means that to consumers in America, we would be spending approximately \$0.86 on a bottle of Coca Cola, which seems like a reasonable and cheap price. However, due to the cost of living being significantly lower in the Mexico region, we must think about this as costing \$1.92 to us living in America. As that is pertained, we can take that price change into effect and see that the \$1.92 price tag is a good representation of the actual pricing we see here in America. This seems to be a general price that an American would pay for a bottle of Coca Cola, so the pricing recommendation would be to remain the same. The sales and margins for Coca Cola in Mexico are more than sufficient given their type of distribution and the unique market they are integrated with.

Promotion

The use of Coca-Cola using universal ads across the globe that each country can use has been one of Coca-Cola's main successes while keeping their cost for producing advertisement low. If Coca-Cola wants to continue using this strategy, they should stick to creating ads that produce an emotional feel by portrayal of events happening in the ad instead of using speech or text to promote this feeling. Also, with Mexico being a more advanced developing country and the increasing use of mobile and wireless devices, Coca-Cola should continue to expand heavily in advertising this sector to be able to produce content that will reach their target audience on a more personal level by using personalized advertising on these platforms. Furthermore, by

advertising on mobile and wireless devices, Coca-Cola will be able to continue to reach their target audience of millennials like they did in their “Share a Coke” campaign due to millennials’ increasing use of mobile devices as the country becomes more developed in the years to come. With their advertisement in the future, Coca-Cola needs to understand the demographics and cultures in the area they are showing their ads to make sure that the content and wording in their ads don’t paint a negative picture of the company like the failed Christmas ad they released in 2015.

Place

We have seen that Coca-Cola has dominated the carbonated drink industry in Mexico and the way they can improve is by touching up on their supply chains. The glass bottle is popular in Mexico and is really the main way that they drink all of their products, but they could try and introduce more plastic and glass options which could cut costs in the long term. Another section that Coca-Cola could dominate is the bottle water industry in Mexico. They have a good product in Dasani, and I think that they should pursue sales in the water market to grow market shares in Mexico. In a lot of parts of Mexico, they struggle to find clean drinking water. Selling bottled water might not be the most sustainable way of fixing the problem, but this option could boost sales for Coca-Cola.

Works Cited

- “6 Tips for Following Business Etiquette in Mexico.” *Biz Latin Hub*, 25 Dec. 2019, www.bizlatinhub.com/6-tips-business-etiquette-in-mexico/.
- Buehler, Nathan. “How Coca-Cola Makes Money: Selling Syrups to Bottling Partners.” *Investopedia*, Investopedia, 28 Aug. 2020, www.investopedia.com/articles/markets/112515/how-does-cocacola-actually-make-money.asp.
- “Coca-Cola Confronted by Big Problem in Its Second Largest Market. For Once, Political Connections Failed. Oct 1 Is the Date.” *Wolf Street*, 26 July 2020, wolfstreet.com/2020/07/26/coca-cola-confronted-by-big-problem-in-its-second-largest-market-for-once-political-connections-failed-oct-1-is-the-date/.
- “Coca-Cola Company Statistics and Facts.” *Market.us*, 28 Sept. 2020, market.us/statistics/food-and-beverage-companies/coca-cola-company/.
- “The Coca-Cola Company.” *Encyclopedia Britannica*, Encyclopedia Britannica, Inc., www.britannica.com/topic/The-Coca-Cola-Company.
- “Cola History: The Coca-Cola Company.” *Coca*, www.coca-colacompany.com/company/history.
- Cohen, Luc. “PepsiCo, Coca-Cola Still Sparkle in Mexico after Fizzy Drinks Tax.” *Reuters*, Thomson Reuters, 8 July 2016, www.reuters.com/article/us-pepsico-mexico-tax/pepsico-coca-cola-still-sparkle-in-mexico-after-fizzy-drinks-tax-idUSKCN0ZO0B5.
- “Coke Markets to Children Despite Pledge Not to, Report Finds.” *Center for Science in the Public Interest*, 11 Jan. 2017, cspinet.org/new/201605161.html.
- “Corruption Perceptions Index.” *Transparency.org*, www.transparency.org/en/cpi.
- “Cost of Living.” *Price of 2 Liters of Coca-Cola in Mexico City - USD*, www.expstatistan.com/price/coke/mexico-city/USD.
- “Cost of Living in Oshkosh.” , Wisconsin. Dec 2020. Prices in Oshkosh, www.numbeo.com/cost-of-living/in/Oshkosh-WI.
- “Country Comparison.” *Hofstede Insights*, 12 Aug. 2020, www.hofstede-insights.com/country-comparison/mexico/.
- “Daily Life and Social Customs.” *Encyclopedia Britannica*, Encyclopedia Britannica, Inc., www.britannica.com/place/Mexico/Daily-life-and-social-customs.
- Melnick, Meredith. “Study: Hey, Hipsters, Mexican Coke Might Be a Myth.” *Time*, Time, 28 Oct. 2010, healthland.time.com/2010/10/28/study-hey-hipsters-mexican-coke-might-be-a-myth/.

- Mendoza, J. "Market Share of Soft Drink Companies in Mexico." *Statista*, 1 Aug. 2011, www.statista.com/statistics/216909/market-share-of-soft-drink-companies-in-mexico/.
- Mike, Dang November 11, 2013. "Does Mexican Coke Really Taste Different From Coke Produced in the U.S.?" *The Billfold*, 1 Aug. 2017, www.thebillfold.com/2013/11/does-mexican-coke-really-taste-different-from-coke-produced-in-the-u-s/.
- "New Reports Find Kids and Adults Love Their Soda and Sugary Drinks." *News on Heart.org*, 27 Jan. 2017, newsarchive.heart.org/new-reports-find-kids-and-adults-love-their-soda-and-sugary-drinks/.
- Novembre, Vendredi. "Coca Cola Targeting and Positioning." *Anandahussein.lecture*, 16 Nov. 2012, anandahussein.lecture.ub.ac.id/files/2015/09/Article-3.pdf.
- Pariona, Amber. "The Economy Of Mexico." *WorldAtlas*, WorldAtlas, 12 Aug. 2019, www.worldatlas.com/articles/the-economy-of-mexico.html.
- "Political Stability by Country, around the World." *TheGlobalEconomy.com*, www.theglobaleconomy.com/rankings/wb_political_stability/.
- "Quick Charts." *Corporate Income Tax (CIT) Rates*, taxsummaries.pwc.com/quick-charts/corporate-income-tax-cit-rates.
- "The World Factbook: Mexico." *Central Intelligence Agency*, Central Intelligence Agency, 1 Feb. 2018, www.cia.gov/library/publications/the-world-factbook/geos/mx.html.
- "Trade Tensions Threaten Political Stability." *Political Risk Map 2020*, www.marsh.com/us/insights/research/political-risk-map-2020.html.
- Tyler, Jessica. "The Surprising Story of How the Former President of Mexico Helped Make Coca-Cola Such a Huge Part of Mexican Life That It's Used in Religious Ceremonies and as Medicine." *Business Insider*, Business Insider, 26 Aug. 2018, www.businessinsider.com/coca-cola-influence-on-mexican-culture-2018-8.