

Identifying Market Segments and Targets for Marketing Strategy Plan of Coca-Cola Company in Malaysia

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ABSTRACT: The Coca Cola Company is basically the world wide largest marketer, manufacturer and distributor of non-alcoholic beverages. As the competition is very much strong of soft drinks in the market sector it is emergent for coca cola to create uniqueness to stand out. This paper aims to identify market segments and targets for marketing strategy plan of Coca-Cola Company in Malaysia. The background of the company clearly illustrated in the beginning of this paper as well as the mix product of marketing. The report is also identified marketing strategies of the Coca-Cola Company which create opportunities for it to survive in the competitive market.

KEYWORDS -Market Segmentation, Marketing Strategies, Coca-Cola Company, Marketing Mix and Coca-Cola Malaysia

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I. INTRODUCTION

1.1 Background

Coca-Cola first began selling Coca-Cola in 1886, when Dr John S Pemberton charged customers just five cents a bottle. Since then they become the world's leading soft drinks manufacturer with more than 700,000 employees and 500 brands (The Coca-Cola Company, 2018)¹. The business is global in scale where it operates everywhere as a local company, including Malaysia. Coca-Cola brand has been in Malaysia since 1936, the company only established its corporate presence here 1979 by franchised its bottling and distribution to local partner F&N Coca-Cola (M) Sdn Bhd. With an enduring commitment to building sustainable communities, in Malaysia have chosen to focus their sustainability efforts on three areas of opportunities where they believe can make a meaningful difference to. It is known as three 'Ws', Women, Water, and Wellbeing as a way of giving back to the communities in which they operate. Nothing beats the taste of Coca-Cola. Designed to go with everything, the taste of Coca-Cola Classic has remained unchanged for over 129 years. Coca-Cola is the most popular and biggest-selling soft drink in history, as well as one of the most recognizable brands in the world (The Coca-Cola Company, 2018).²

II. MARKET SEGMENTATION

The major segmentation variables are geographic, demographic, psychographic, and behavioral segmentation (Scribd Inc., 2018).

2.1. Geographic segmentation

Geographic segmentation calls for dividing the market into different geographical units such as regions, cities, or neighborhood. Coca-Cola has a countrywide network of product distribution but the company segments more in urban and suburban areas as compared to rural areas.

2.2. Demographic segmentation

In demographic segmentation, the market is divided into groups on the basis of variables such as age, family life cycle, occupation, education, religion, race, generation, nationality, and social class. Demographic variables are the most popular base of Coca-Cola Company for distinguishing their customer groups. The reason is that consumer wants, preferences, and usage rates are often associated with demographic variables. Another is that demographic variables are easier for Coca-Cola to measure because they can evaluate or conduct surveys for the demographic segmentation.

2.2.1. Age and Life-Cycle Stage

Coca-Cola Consumer wants and abilities change with age. Age and life cycle can be tricky variables because there are different needs and wants as accord to the age of a person. The main sector in which Coca-Cola Company targets is the youth because there is a much need of refreshment and energizers to cope up with their daily activities.

2.2.2. Gender

Gender is also an issue needed to be given prior by Coca-Cola. Men and women tend to have different attitudinal and behavioral orientations, based partly on genetic makeup and partly on socialization practices. Coca Cola targets both genders with its wide variety of drinks. This market is relatively large and is open to both genders, thereby allowing greater product diversification.

2.3. Psychographic segmentation

In psychographic segmentation, Coca Cola buyers are divided into different groups on the basis of lifestyle or personality or values. People within the same demographic group can exhibit very different psychographic profiles, for that reason Coca Cola Company designed and made product which are suitable for their personality.

2.3.1. Lifestyle

People exhibit many more lifestyles than are suggested. People differ in attitudes, interest, activities, and these affect the goods and services they consume. Coca-Cola Company presented products which are suitable for modern, busy life style (shortage of time) and mobile generation.

2.3.2. Personality

Coca Cola Company is using personality variables to segment markets. They award Coca-Cola products with a brand personality that corresponds to a target consumer personality.

2.4. Behavioural segmentation

In behavioral segmentation, Coca Cola buyers are divided into groups on the basis of their knowledge of, attitude toward, use of, or response to a product. Many marketers believe that behavioral variables-occasions, benefits, user status, usage rate, loyalty status, buyer-readiness stage, and attitude are the best starting points for the construction of market segments.

2.4.1 Occasions

Coca Cola consumers can be distinguished according to the occasions when they develop a need, purchase a product, or use a product. Occasion's segmentation can help firms expand product usage.

2.4.2. Benefit sought

Sometimes, for the promotion strategy of Coke, Coca-Cola Company introduces prizes in the top cover.

III. TARGET MARKETS

We make our branded beverage products available to consumers in more than 200 countries through our network of Company-owned or -controlled bottling and distribution operations, independent bottling partners, such as distributors, wholesalers and retailers as the world's largest beverage distribution system. (The Coca-Cola Company, 2017).

The target market for Coca cola is very wide as it satisfies the needs for many different consumers, ranging from the healthy diet consciousness through Diet Coke to the average human through its bestselling drink regular Coke. The primary mark market for Coca-Cola is multicultural young person of age 13-24, which frequently known as heavy soft drink ingestion group. This consumer group is older sufficiency to do self-determination on purchases and most likely to follow the merchandise as value of Coca-Cola emphasis cool and felicity which compatible with their life style (WordPress, 2017).

IV. MARKETING MIX OF COCA-COLA MALAYSIA

4.1. Product

In Malaysia, the Coca-Cola system manufactures, markets and distributes over 20 products including sparkling beverages (Coca-Cola, Fanta, Sprite, A&W, Schweppes), zero-calorie sparkling beverages (Coke light, Coke zero), juice drinks (Minute Maid Pulpy), teas (Heaven and Earth), isotonic (Aquarius) and water (Dasani) since 1936. Coca-Cola is packed in particular plastic contour bottle packaging, merchandise design and size. In Malaysia, Coca-Cola design is subject to fewer changes due to the cultural different.

Coca-Cola Bottlers led retail value sales of carbonates in 2017, thanks to the company's wide distribution network across the regions in both modern and traditional retail outlets. It offers an extensive choice of flavors in both cola and non-cola carbonates, and is able to invest in new product innovations, such as its new variant Coca-Cola Zero Sugar in May 2017 (Euromonitor, 2018).

4.2. Price

Coca-Cola is emphasizing on reasonable price to consumers. Pricing of Coca-Cola differ according to place and size. Coca-Cola usually set at fixed price in petrol station and convenience store whereas competitive pricing is applied on hypermarket on the special occasion in Malaysia such as Raya Celebration, Chinese New Year and Deepavali.

4.3. Place

F&N had strong retailers' relationship through selling and supplying fountain services as well as sell directly to customers via vending machines. F&N has been extensively distributed Coca-Cola in fountain or can size to convenience stores, hypermarkets, cinemas, fast food restaurants and vending machine to ensure the product is available and reachable to consumers. As compared to Pepsi, Coca-Cola has the competitive advantage of influencing retailer shelf space allocation in hypermarket which Coca-Cola is allocated in the first shelf of soft drink sections.

4.4. Promotion

Promotional activities of Coca-Cola are involving sponsorship of international sporting events, visual advertising, sales promotion and independent brand building events. Coca-Cola gain publicity through sponsorship of international sporting event such as FIFA World Cup 2010 and Vancouver 2010 Olympic Winter Games. In Malaysia, Coca-Cola main visual advertising is features in TV commercial, billboard in rural area and through its official websites. Sales promotion period of Coca-Cola in Malaysia is held at special occasion (UKEssays, 2018). Gross sales publicity period of Coca-Cola in Malaysia is held at particular juncture. Coca-Cola besides launched independent trade name edifice run " Open Happiness " (2010) and " Coke Side of Life " (2008) (WordPress, 2017).

V. PEST ANALYSIS OF MALAYSIA

5.1 Politics

All food and beverages is bound to Syariat Law of Malaysia which certified "Halal" to assure the products are approved Islamically and manufactured under the strict cleanliness and quality controls (aseansource.com, 2004). This is important to gain the confidents of Muslims because they would actively search for Halal logo printed in the product before making any purchases. Likewise, Coca-Cola has a Halal logo printed on its bottle and can.

5.2 Economy

Malaysia is a middle income country which spends high percentage of household income in food and other groceries product. Recently, Malaysia aim to promote healthier lifestyle through low sugar intake by reducing local sugar subsidies. Thus, it impact most soft drink manufacturer which their profit margin is squeeze by higher production cost. However, the trend is still remaining positive for soft drink industry in Malaysia.

5.3 Social

Malaysia is a multi-racial society predominated by Malays and regards as the highest spending power ethnic group in the country. Chinese is the second largest ethnic group followed by Bumiputra (Indigenous), Indian and others (U.S State of Department, 2010). BahasaMelayu (Malay language) is the official language used in Malaysia followed by English and Chinese which are frequently applied in local printed ads or TV commercials.

5.4 Technology

TCCC always choose the strongest regional bottling partners to manufacture their product. As a Coca-Cola bottling partner in Malaysia, F&N own perfect machinery in its bottling operation to ensure production of Coca-Cola to remain undisrupted. Besides, F&N also has excellent value chain from its distribution channel to logistics support which enhances the efficiency on supplying Coca-Cola in Malaysia.

VI. CONCLUSION AND RECOMMENDATION

The Coca-Cola Company has covered a strong business market scale around the world. Using different market strategies and dividing the market segments to help the company to gain more profits. Moreover, the

corporation partnership strategy and implementation provides a brief overview of Coca-Cola Company's operation, targeting and positioning in the drink industry. In this case, although the company is running a good business, there are still some other internal (e.g. positioning) and external challenges waiting for it to achieve, for example, Pepsi is one of the closet competitors and purchases similar products.

Being the biggest manufacturer, distributor and marketer of non-alcoholic beverage industry, the Coca-Cola Company has been running successful business with its franchising model in the world. The company is in a good position to capture the market of any new drink categories. Coca-Cola continues to expand their customers through investing new products, keeps innovating and pursuit to get better results for its business in order to catch their loyal customers throughout the world.

As discussed earlier, Coca-Cola is a low involvement product which relies on heavy marketing activity to motivate and capture the attentions of consumers. Coca-Cola Malaysia SdnBhd should have closely scrutinized the cultural difference and changing lifestyle in Malaysia which is influential in consumers' decision making. The company should take account of these elements before designing or implementing effectiveness of marketing activities to appeal the potential consumers.

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