

# Applications

## Marketing Debate

### Should Marketers Test Advertising?

Advertising creatives believe ad pretesting inhibits their creative process and results in too much sameness in commercials. Marketers, on the other hand, believe it ensures the ad campaign will connect with consumers and be well received in the marketplace.

**Take a position:** Ad pretesting is often an unnecessary waste of marketing dollars versus Ad pretesting provides an important diagnostic for marketers as to the likely success of an ad campaign.

## Marketing Discussion

### Television Advertising

★ What are some of your favorite TV ads? Why? How effective are the message and creative strategies? How are they creating consumer preference and loyalty and building brand equity?

## Marketing Excellence

### >> Coca-Cola

When it comes to mass marketing, perhaps no one does it better than Coca-Cola. Coke is the most popular and best-selling product in the world. With an annual marketing budget of \$3 billion and annual sales exceeding \$30 billion, the brand tops the Interbrand ranking of the best brands year after year. Today, the company reaches consumers in more than 200 countries and has a brand value of \$79 billion. In fact, it is such a global phenomenon that its name is the second-most understood word in the world (after *okay*).

The history of Coke's success is impressive from any perspective. The drink was invented in 1886 by Dr. John S. Pemberton, who mixed a syrup of his own invention with carbonated water to cure headaches. The company's first president turned the product into a pop culture phenomenon by distributing it to pharmacists around the world and engaging consumers through Coca-Cola-branded clocks, posters, and other paraphernalia.

Coca-Cola believed early on that to gain worldwide acceptance, the brand needed to accomplish two things: connect emotionally and socially with the masses and ensure that it was "within arm's-length of desire." So the company focused on gaining extensive distribution and

making the product beloved by all. In World War II, it proclaimed, "every man in uniform gets a bottle of Coca-Cola for 5 cents, wherever he is, and whatever it costs the company." This strategy helped introduce the soft drink around the world as well as connecting consumers emotionally with a positive message during a time of turmoil.

How did Coca-Cola become so *much* bigger than any of its competitors? The company not only creates uplifting global campaigns better than anyone; it also translates them brilliantly across different countries, languages, and cultures. Coke's advertising has primarily focused on its ability to quench thirst and connect people no matter who they are or how they live. One of Coca-Cola's most memorable and successful commercials was called "Hilltop" and featured the song, "I'd like to buy the world a Coke." Launched in 1971, the ad featured young adults from all over the world sharing a happy moment and a common bond (holding a Coke) on a hillside in Italy. It touched so many consumers that the song became a top-10 hit single later that year.

Coca-Cola's television commercials still convey the message of universal connection over a Coke. The company's 2014 Super Bowl ad featured "America the Beautiful" sung in nine different languages—English, Spanish, Tagalog, Mandarin, Hindi, Hebrew, Keres (a language of the Pueblo people), French, and Arabic—showing that people of different ethnicities can connect

through their love for the United States and Coca-Cola. Other commercials take a lighthearted tone to appeal to a younger audience. In one spot, a group of young adults sit around a campfire laughing, playing the guitar, and passing around a bottle of Coke. The bottle reaches a slimy, one-eyed alien who takes a sip and passes the bottle along. When the next drinker wipes the slime off in disgust, the music stops and the group stares at him in disappointment. The man hands the bottle back to the alien to get re-slimed and then drinks from it, and the music and the party continue in perfect harmony.

Jonathan Mildenhall, Coca-Cola's global head of content and advertising, explained the continued importance of TV ads: "The role of TV will never go from the Coca-Cola company; TV has a unique set of attributes in a marketing campaign that other media just cannot give us but I just don't think it should be the starting point." The company's mass communications strategy thus mixes a wide range of media including television, radio, print, social, in-store, digital, billboard, public relations, events, paraphernalia, and even its own museum. Its target audience and reach are so massive that choosing the right media and marketing message is critical, despite having a \$3 billion marketing budget.

Coca-Cola uses big events to hit huge audiences; it has sponsored the Olympics since 1928 and advertises during the Super Bowl. The company targets younger consumers through efforts like 1.3 million tweets each quarter and strategic product placements including the judges' red Coke or Diet Coke cups placed front and center during *American Idol*. And it spends more than \$1 billion a year on sports sponsorships such as NASCAR and the World Cup.

The delicate balance between Coca-Cola's local and global marketing is crucial; the campaigns must be relevant and translate well on a local scale. In China, for example, the company has given its regional managers control over advertising so they can include appropriate cultural messages. One executive explained, "Creating effective marketing at a local level in the absence of global scale can lead to huge inefficiencies." In 2006,

for example, Coca-Cola ran two campaigns during the FIFA World Cup as well as several local campaigns. In 2010, it ran a single World Cup campaign in more than 100 markets. Company executives estimated that the latter, global, strategy's efficiency saved it more than \$45 million.

Despite its unprecedented success, Coca-Cola is not infallible. In 1985, in perhaps the worst product launch ever, the company introduced New Coke—a sweeter concoction of the original secret formula. Consumers instantly rejected it, and sales plummeted. Three months later, Coca-Cola relaunched the original formula under the name Coca-Cola Classic, to the delight of customers everywhere. Then-CEO Roberto Goizueta stated, "The simple fact is that all the time and money and skill poured into consumer research on the new Coca-Cola could not measure or reveal the deep and abiding emotional attachment to original Coca-Cola felt by so many people."

Coca-Cola's success at marketing a product on such a global, massive scale is unique. Despite the ups and downs of soft-drink trends over the years, no brand is so universally available, universally accepted, and universally loved as Coca-Cola.

### Questions

1. What does Coca-Cola stand for? Does it mean the same thing to everyone? Explain.
2. Coca-Cola has successfully marketed to billions of people around the world. Why is it so successful?
3. Can Pepsi or any other company ever surpass Coca-Cola? Why or why not? What are Coca-Cola's greatest risks?

**Sources:** Natalie Zmuda, "Coca-Cola Lays Out Its Vision for the Future at 2010 Meeting," *Advertising Age*, November 22, 2009; Natalie Zmuda, "Coke's 'Open Happiness' Keeps It Simple for Global Audience," *Advertising Age*, January 21, 2009; John Greenwald, "Will Teens Buy It?," *Time*, June 24, 2001; "Coca-Cola Still Viewed as Most Valuable Brand," *USA Today*, September 18, 2009; Edward Rothstein, "Ingredients: Carbonated Water, High-Fructose Corniness . . .," *New York Times*, July 30, 2007; Brad Cook, "Coca-Cola: A Classic," *Brandchannel*, December 2, 2002; Natalie Zmuda, "Coca-Cola Boosts Media Spending as Demand Slows," *Advertising Age*, February 18, 2014; Paul McIntyre, "Coke's Local Advertising Campaign a Worldwide Success," *Financial Review*, March 25, 2013; Coca-Cola Company 2012 Annual Report.