

Historical Background of the Coca-Cola Company

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Executive Summary

This Report is prepared by taking Coca-Cola, a US-based multinational Beverage Company. The report focuses on the economic implications and its importance in the strategic decision-making of management. It briefly provides a history of the company, and then elaborates the multiple factors that play a pivotal role in the decision-making process to sustain and grow in the market. It defines the ethical standard followed along with the opportunities and benefits of free trade agreements with different countries. The organizational structure of Coca-Cola is explained to understand the flow of information in business. It also covers different economic policies and approaches to understanding business operations and the impact of external stimuli on the business. In the end, the report contains the concluding remarks about the business model and approaches of Coca-Cola in the global market.

Introduction to the Company

The Coca-Cola Company was incorporated in Delaware in 1892 and is Headquartered in Atlanta Georgia. It is a multinational beverage corporation that deals in manufacturing, retailing, marketing and nonalcoholic beverages and Syrups. It is listed on the New York Stock Market (NYSE), the S&P 500 index and the Russel 1000 Growth Stock Market.

Historical background of The Coca-Cola Company

The history of Coca-Cola dates back to the 19th century. Since then, the company has shown tremendous economic outcomes and has shown a continuous growth rate over the years. Asa Griggs Candler acquired the Formula for the Brand in 1889 and registered the brand. Coca-Cola followed the franchised distribution approach since its inception. This approach allowed the business to blend in the new market and benefit from the international market sustaining the brand image and attracting new consumers. The Coca-Cola Company is a total beverage company whose trademarks are sold in more than 200 countries and territories. Its 2025 Form 10-K says it owns or licenses numerous brands across sparkling beverages; water, sports, coffee and tea; juice, value-added dairy and plant-based beverages; and emerging beverages. Products bearing its trademarks account for approximately 2.2 billion servings each day.

Background information on Coca-Cola

The mission of Coca-Cola is to connect with its consumer's Minds, bodies, and souls and inspire happiness and satisfaction in their lives to add value to their lives and make a sizeable difference. Coca-Cola has successfully managed to sustain and grow in the market and attract new consumers to their loyal consumers net. Management of Business is dynamic and adaptive and focuses on the development of a defined and scrutinized approach to entering new markets. Coca-Cola is one of the oldest multinational beverage companies that has designed a set of values and guidelines that has successfully allowed it to make a difference. The management is focused on collaboration among the effective teams to encourage leadership qualities and sustain integrity. Management has made itself accountable to all the stakeholders with a passionate approach to welcome diversity in their Brand and sustain the Quality of their business products (CocaCola, 2018).

Organizational Structure of Coca-Cola

Efficient organizational design and structure are inevitable to run a multinational corporation profitably. Organizational structure is the delegation, control and coordination of business operations within a business organization. It defines the roles and job descriptions of each working in an organization. Coca-Cola operates in more than 200 countries, which makes it a very complex business organization to coordinate effectively with its headquarters. The Organizational structure of Coca-Cola has been decentralized since the nineties. The organizational structure is divided into functions and Regions. By Functions, Coca-Cola has operated in two managing groups namely, Bottling Investments and Corporate whereas, by regions, Coca-Cola is divided by Geographic locations such as Africa, North America, European Union, and Asia. These are further divided into the bases of Sub-regions and Countries.

There is an innovative model followed at Coca-Cola with centralized functions such as finance, Human resources, research and development, marketing and planning, etc. The same approach is followed at each regional headquarters. Major decisions take place at the headquarters and input from the regional headquarters is given importance in strategic decisions about the business portfolios and consumer behaviors in the local market. The size of Coca-Cola makes it hard to follow a defined organizational structure. As of December 31, 2025, The Coca-Cola Company reported approximately 65,900 employees; the wider Coca-Cola system, which includes bottling partners, employed approximately 700,000 people. The organizational chart of Coca-Cola shows five hierarchical levels at the strategic decision-making level in the corporate environment. For example, the Managing director of Coca-Cola in Canada reports to the president of Coca-Cola in North America. The president reports to the CFO whose reporting authority is the general counsel of Coca-Cola. General Counsel summarizes the input of the CFO and presents the report to the CEO of Coca-Cola.

A current economic environment of the Company and Industry

The international market for a nonalcoholic beverage is continuously growing and becoming competitive for business organizations in the industry. The Scope of operations of Coca-Cola is on a global scale that directly challenges the market share availability of Coca-Cola. PepsiCo, Inc. is the major competitor of Coca-Cola in each region where Coca-Cola operates. The Economic Environment of Business affects the industry on a large scale. It may affect the business industry on several scales such as Availability of Raw materials, Labor workforce, Operational Facilities, Quality of Final products, marketing strategies and Qualification of management to respond to the changes in the local market. This is the input stage of the manufacturing process which is followed by sales restrictions. Political affiliations, the domestic economic environment of the host country sales margins with suppliers, etc. Thus economic environment affects the business operations whether the business operates locally or in the international arena. The Risk factors in the economic environment for Coca-Cola arose from the drastic changes in consumer behaviour, challenges from competitors and changes in the market. The Global financial market affects the business by challenging the availability of liquidity and affecting the financial performance. The reports on the financial performance of Coca-Cola suggest that the management finds it hard to access the credit markets and design favourable opportunities in the credit market. Coca-Cola has international brand recognition, thus favoured by banks and other financial institutions however this does not resolve the challenges of the credit markets in the long run and affects the performance of the business (Pendergrast, 2013).

To understand the Economic environment of Coca-Cola, the 4Vs model is applied, and the changes in the global market are evaluated about the performance of the brand over the years.

Volume: In economics, Volume is a term of great importance for a business. Coca-Cola operates in more than 200 countries and has more than 500 brands worldwide. Reports indicate that due to the abundant manufacturing volume of Coca-Cola, it is sometimes hard to attain an official figure for the total production volume. The reason is the high number of production units and suppliers around the globe. The per unit cost of Coca-Cola is low because it supplies syrup to the registered Bottlers and suppliers who are responsible for packing the syrup in the approved packing of the Coca-Cola brand.

Variety: Another V in the 4Vs model stands for variety. Coca-Cola has a diverse variety of products approximately more than 500 brands in its product portfolio. The well-known brands of Coca-Cola are Coke, Coca-Cola, and Fanta Fruit, etc. Coca-Cola has lower per unit cost and has standardized the production to produce the same quality products in bulk so that lower cost and high quality are maintained. This restricts the Variety of Coca-Cola in the international market. On the other hand, a major competitor such as PepsiCo has a low variety of product portfolio. This lessens the variety-competition burden in the international market.

Variation in Demand: The secret formula is the defining factor in keeping the Variation in demand

lower in the market. The uniqueness gained by Coca-Cola in the international beverage market is the outcome of this secret formula that is well-marketed and appreciated by final consumers around the globe. Though consumers have made reservations about the taste due to the changes in social trends, this does not have affected the demand for the product. Coca-Cola responded to the consumer reservations by introducing healthy products such as Diet Coke etc. which was warmly welcomed by the consumers.

Visibility: Visibility is another major factor in the economic environment for a business organization. The understanding of the manufacturing process of the products concerns issues for the final consumer. Recently an NGO claimed that the Coca-Cola product contains a pesticide that pushed the management to reveal and elaborate the production process of its products to re-affirm the trust of consumers in the international market. This is an information era where consumers are sceptical in making decisions about purchasing a product that has substitute which is easily available. Coca-Cola has a relationship of trust with its consumers and it offers hygienic products to its consumers.

Impact of Tax Rates on Economic Decisions

The Business economic environment is affected by several external variables in a corporate environment. Tax rates and taxation structure varies from country to country. Their multinational business organizations are highly dependent on the taxation policies of the target countries. Coca-Cola operates in more than 200 countries which means that its management has to deal with 200 types of taxation approaches and rules. Though the taxation base might be the same in several countries the business has to adapt to the provisions of law that relate to the consumer's health and hygiene standards. Governments intervene in the market through their monetary and fiscal policy tools to safeguard and health of the consumers. The Tax Consequences of target countries do affect the economic decisions of the target consumers and affect the business in the long run.

Taxes affect the incentives which have an impact on the reduction in marginal tax rates on payments to employees. This reduces the cost of labour thus increasing production and reducing the burden on the economy. The low tax on return on investments, i.e., interest rates, Dividends and other capital assets seduce the consumer to save more thus affecting the liquidity of cash flows in the market and affecting the prospects for the business to grow in the market. The taxation approach also has an impact on the deployment of capital investment. The volatility of the taxation structure of a target country allows the management at Coca-Cola to enter the market with scrutiny and understanding of the taxation behaviour to secure capital investment in the country (Beasley, 2011).

Impact of Unemployment on Economic Decisions

Coca-Cola Operations are dispersed around the globe. It has successfully managed to create a market for its products in remote areas around the globe in more than 200 countries. Coca-Cola considers unemployment in the target country and sees it as an opportunity embedded with risk in the long run.

Unemployment can have both positive and negative perspectives for businesses in the target economy. If the unemployment rate is high then government interventions would be welcoming for multinationals such as Coca-Cola. It brings capital investment into the country that provides employment opportunities to the locals thus reducing unemployment. Unemployment means the supply of labour is high which would reduce its cost and provide a platform for Coca-Cola to attain economies of scope and reduce the per unit cost of production in the target country.

On the other hand, unemployment may have negative consequences for Coca-Cola. Unemployment reduces the purchasing power of the consumers in the target country which creates less demand for the products in the country thus making it hard for the business to penetrate in the market and create value and demand for its products. Business revolves around the final consumers, and if the final consumers cannot afford the product, it would fail then business no matter how hard the management works to make it successful and revenue centre, therefore the strategic management of Coca-Cola takes un-employment trends in the target industry and adapt the strategies accordingly.

Impact of Government Fiscal Policies on Economic Decisions

Fiscal policy is an economic tool used by the government to influence the macro environment of an economy. This provides information about the taxation policies, and governmental expenditures and covers the Aggregate demand and supply, inflation rates, interest rates and economic growth rate. The fiscal policy allows the government to stabilize the economic cycle and regulate the taxation policies in the country to run and safeguard the consumers effectively. Coca-Cola, while making strategic decisions about capital investment does consider the fiscal policies approach of the target country and devise its entry in the market accordingly. The government intervenes in the market by reducing the tax rates through the Federal Reserve Bank which ultimately increases the demand which triggers the economic growth of both the business and the target country. Such an approach is called inflationary fiscal policies where demand is challenged by the reduction in taxation rates. On the other hand, contractionary fiscal policy relates to the voluntary increase in taxation to restore balance in the economy of the country. Such an approach is often followed when the budget is in surplus. This approach is rarely used therefore Coca-Cola has to plan according to the inflationary fiscal policies of the target country.

Role of the Central Bank in the Economic Environment

Central banks are the independent institutions which are responsible for conducting the monetary policies and regulation of the banking industry in an economy. Its primary objective is to stabilize the worth of the national currency and keep the inflation rates in a limit to safeguard the interests of final consumers. It also controls the employment rate through alteration in the interest rates and other affecting variables and tools such as monetary and fiscal policies. The Head of the central bank is

appointed by the legislative body which is made responsible for keeping the monetary and fiscal policy aligned with the long-term objectives of the country.

Central banks have multiple tools at their disposal to influence the economic conditions in an economy. The major tool is the monetary policy that covers the liquidity ratio in the market. Through Monetary policy tools, the government has three options at their disposal to safeguard the interests of the consumers. Firstly, the Reserve Requirement. It is the standard amount of liquid cash each bank must have at the end of their working day. This allows the central bank to control the lending power of the banks in an economy. Secondly, open market operations. It covers the securities and its transactions with banks in an economy. During the financial crisis of 2008, the Federal Reserve Bank utilized this tool to stabilize mortgage-backed securities and stabilize the economy. Thirdly, Interest rates. Interest rates are the rates at which the central bank charges the member's banks operating in an economy. It translates into guiding the bonds, securities, and mortgages in an economy and controlling inflation when the government wants to reduce the inflation rate; it increases the interest rates that reduce the growth rate and allows the consumer to save more. Monetary policy has a tricky effect on the economy and takes time to show its impact on the economy (Bordo, 2016).

Global Presence of Coca-Cola

Coca-Cola is one of the largest and most well-known brands around the globe with operations in more than 200 countries in five different regions with over 500 registered brands. A survey suggests that 94% of the global population recognizes the Coca-Cola brand. The word Coca-Cola means "Delicious happiness" in Mandarin, and it has successfully managed to associate it with happiness. Coca-Cola is a diverse multinational corporation at the top of the list of business executives who are responsible for securing their brand image around the globe through their creative and adaptable approach to consumer demands. Coca-Cola has an unparalleled distribution system to reach out to its consumers. This allows its management to receive timely feedback from the local market and adapt accordingly. Its management aims to grow exponentially and secure the consumer's loyalty to the brand with quality products and consumer service availability.

Coca-Cola has an interesting history over the century. It is full of special moments with repetitions around the globe. These special moments have allowed Coca-Cola to be among the respected brands around the globe. Its products are ubiquitous which strengthens its position in the global arena. The global presence is continuously expanding, and the management takes serious consideration in sustaining the quality of its products. The bottlers, distribution channels, and suppliers follow a sophisticated approach to meet the required demands of the market. The management has allowed decentralization on many functional levels. For example, marketing strategies are delegated to the regional headquarters so that the local market is focused and the consumer's demands are met to increase the influx of new consumers.

Impact of Free Trade Agreements on Economic Decisions

Governments enter into free trade agreements with other countries to benefit from economies and create a win-win situation for both economies. The United States has entered into free trade agreements with many countries to open new doors for its business to benefit from the foreign market and increase foreign remittances. One of the major free trade agreements is NAFTA. North American Free Trade Agreement (NAFTA) was signed in 1994 among the United States, Mexico, and Canada which elevated the business to 420 billion dollars by 2016. This benefited all the multinational organizations including Coca-Cola. It was aimed at reducing the trade barriers and increasing the coordination to improve the market for businesses to invest. This Safeguards the businesses which increase capital investment. Coca-Cola benefited from the free trade agreement and emerged as one of the big beneficiaries forms the agreement. Basel III and NAFTA affected the economic decisions of the management of Coca-Cola at the strategic level because it offered security to the investment and reduction in the cost per unit. Trade barriers have a negative impact on the decisions of the business as it increases the risk in the market and restricts the business organizations from benefiting from the consumer market.

Economic implications of Diverse Market Structure

Market structure plays a pivotal role in the financial performance of Coca-Cola in a target country. Market structure is a double-edged sword that may benefit and hurt the business depending on the strategies followed in the country. Coca-Cola focuses on the market accessibility and segmentation of the target country. It helps in acquiring cheap labour and reduces per unit cost to increase the profit margins of the products. Market Segmentation and consumer preferences are evaluated at a strategic level in each market. Coca-Cola has five Regional headquarters with a further delegation of authorities at the country level. Data and consumer feedback are collected at the regional level, and authority is delegated to respond to the requirements of the market. Another factor that plays an important role in the size and preferences of the target market. Bigger size of the market means high chances of success rate with effective strategic decisions. Two major functions of the market are the size and the complexity of its dynamics. Economic decisions are subjective and control the strategy. The major stakeholders of Coca-Cola in each market include final consumers, suppliers, government policies, bottlers, shareholders, etc. All these stakeholders have an impact on the economic decisions of Coca-Cola on a global scale.

Ethical and regulatory considerations in the Global

market

Each country has its own defined set of Regulations and ethical standards that are required to be fulfilled while making a capital investment in the country. Coca-Cola has successfully managed to sustain its ethical standards around the globe in a diverse market. Regulatory and Ethical standards are set by the Government and consumers' preferences respectively. Coca-Cola is US US-based company with different Regulatory and Ethical standards. When Coca-Cola enter another market, regulatory and ethical standards are followed to blend in the market without disrupting it. Ethical and regulatory frameworks play a pivotal role in the economic decisions of the company. Business is required to provide quality products to the consumers and pay the minimum age limit of the target country to the workforce. Business is required to avoid any involvement in corruption and provide hygienic products to the consumers of the company.

Conclusion

In my remarks, Coca-Cola is a successful multinational beverage company that has successfully maintained its Culture of Quality, hygiene and consumer preferences. The adaptive nature of its management has made it creative and reach out to its consumers with an open heart. It takes the consumer's preferences seriously in making strategic decisions regarding a new market. It believes it gives and takes policy when it comes to dealing with new markets. The decentralization approach has tremendously benefitted the company as the response to the local market changes is addressed quickly. Monetary policy plays a pivotal role in macroeconomic stability in the economy and anchors the inflation rate. Fiscal policy controls the liquidity cash inflows in the market which is another considerable factor in the economic decision-making of Coca-Cola. Ethical and regulatory frameworks are followed around the globe as per the requirements of the target country.

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