

# Analysis of Coca-Cola's Digital Marketing Strategy in a Highly Homogenized Market

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## Abstract:

To take advantage in the high homogenization in the beverage industry, brand marketing has become the most important factor of differentiated competition. This paper takes Coca-Cola as the research object and employs case analysis to systematically examine its transformation from traditional to digital marketing, focusing on strategies such as emotional value construction, digital communication, and cross-border collaborations. The results indicate that by sublimating its products into emotional and cultural symbols, Coca-Cola has successfully overcome the challenge of product homogenization. Notably, its efforts in social media interaction, virtual reality exploration, and healthy product release have significantly enhanced brand influence among younger consumers. However, challenges still remains, of how to combine "happiness" and "health" and to improve the efficiency of virtual marketing. The study concludes that Coca-Cola's digital marketing strategies provide valuable insights for global consumer good brands. Its future efforts should focus on expanding cross-boarder collaborations, improving regional product innovation, and utilizing digital immersive experiences to maintain its leadership in the global market.

**Keywords:** Coca-Cola; Digital Marketing; Brand Homogenization; Emotional Value; Cross-border Collaboration.

## 1. Introduction

In today's highly informational world, the beverage industry, as a typical competitive consumer goods sector, has entered a stage of highly homogenized competition. When faced with a wide variety of similar products on store shelves, consumers often struggle to decide based on taste or ingredients alone. In this period of time, the role of advertising and

marketing is magnified, particularly through online marketing strategies, which enable brands to gain advantages far beyond their rivals in this crucial market competition [1]. As the world's largest and most popular beverage brand, Coca-Cola has transformed a simple sweet soda into a cultural symbol across all the national borders and ideologies. Through its consistent innovative marketing strategies, Coca-Cola has successfully associated its products with emo-

tions, culture, and lifestyle, making it a symbol of „happiness and sharing“ for 99% of the global population [2].

This paper uses survey and case analysis methods to explore Coca-Cola's digital marketing strategies in this highly homogenized beverage market, analyze the reasons for its success and shortcomings, and propose suggestions for its future development.

## 2. Analysis of Coca-Cola's Marketing Strategies in the 19th and 20th Centuries

The history of Coca-Cola dates back to 1886. Initially, it was designed as a medicine drink that contains cocaine, just like all the other medicine drink at that time. Its composition of cocaine attracted a lot consumers for the drink's effect of stimulating. One of the founders, Robinson, realized that the addictive nature of cola could make customers who tried for one time repeatedly by this drink. The only thing the company has to do is to attract potential customers. Thus, he adopted a marketing strategy of free drink coupons to expose more people to Coca-Cola, leading them to develop a deep affection for this brown sweet soda.

Simultaneously, Robinson invested a lot of money for the production of small objects that has Coca cola's brand. They were sold by only a few cents or even given out for free. Data shows that at a time when the U.S. population was only 70 million, Coca-Cola sent out several hundred millions of these small objects. Customers could purchase these items for just a few cents or even receive them for free on the streets. However, these are still not the most genius strategy of Robinson. He also produced large quantities of oilcloths with Coca cola logo on them. The oilcloths can be seen anywhere in America at that time. These advertisements were not only cheap but also covered all over the US. Given that most American movies and photos were taken outdoors at the time, the presence of Coca-Cola oilcloths exists in every scene, ensuring that almost every American remembers the brand. This strategy established Coca-Cola's unique brand identity early on, constructing a solid foundation for its future global expansion.

In the 20th century, Coca-Cola became a prominent part of American cultural. During both World Wars, American soldiers primarily drank Coca-Cola on the battlefield. In World War II, the U.S. government even classified Coca-Cola as a „military supply,“ ensuring that every single American soldier could access a five-cent can of Coke anywhere in the world.

During the war, due to the trend of patriotism between American civilians at that time, Coca-Cola rapidly gained a massive fan base. After the war, most soldiers retained

a strong impression of and loyalty to the brand, enabling Coca-Cola to quickly enter global consumer markets and become an almost monopolistic drink company. During the Cold War, Coca-Cola even became one of the most well-known symbol of US capitalism. In the early stages of China's reform and opening-up, Coca-Cola, as the first foreign consumer brand introduced to China, symbolized the country's integration with the world and embrace of global trends [3]. Over the past century, Coca-Cola has seized every opportunity and chose very wisely, enabling the brand to transform from a nobody into a giant.

## 3. Coca-Cola's Current Global Status and Challenges

Today, Coca-Cola maintains the head and pioneer of all the global beverage industries. According to Fortune Global 500 data, Coca-Cola ranks 323rd among global companies, second only to AB InBev in the beverage industry. However, on the field of profitability, Coca-Cola far surpasses AB InBev. The Medias and consumers all around the globe call it „the world's most profitable beverage company.“ According to its 2023 financial report, the company's annual revenue reached an incredible amount of 45.754 billion dollars.

For decades, Coca-Cola's market share in the global drink market reached 50% or even more. However, in recent years, with the growing trend of the needs of sugar-free, its global market share has slightly dropped to 45%-48%. In Chinese market, Coca-Cola and Pepsi form a joint monopoly market together, accounting for over 90% of the market. Among these market shares, Coca-Cola holding a dominant share. A key factor in Coca-Cola's enduring success is its long-term stable pricing strategy. Despite inflation all around the world, they never significantly raise prices, maintaining a range of 3-5 RMB. This strategy has not only maintained its position in the minds of consumers around the globe but also made it the favorite and classic drink for many young people.

However, in recent years, Coca-Cola has faced several challenges, including a \$12 billion tax argument with the U.S. Internal Revenue Service, global currency exchange rate fluctuations, and declining sales in a list of regions, which exerts a lot of pressure on its cost structure.

To adapt to changing market demands, Coca-Cola has tried to adjust its secret formula and release new products, such as Coca-Cola Zero Sugar and Diet Coke, which meet the needs of the modern consumer, „weight loss“ and „low sugar.“ As one of the first companies to realize and follow up these trends, Coca-Cola set a perfect example for other beverage brands that followed. Today, any convenience store in China, not only Family markets and 711 but also lots of stores opened by normal people, offers a wide ar-

ray of sugar-free drinks, but Coca-Cola will always be the pioneer of applying this strategy and the most classic sugar-free drinks[4].

#### 4. Analysis of Coca-Cola's Marketing Strategies in the 21st Century

At the marketing, Coca-Cola has always focused on providing emotional value to its customers and making the drink a cultural symbolism, aiming to sublime its products from regular drinks to symbols of human culture.

The 2015 Christmas advertisement is a very classic example of its strategies. Filmed from a boy's perspective, the advertisement tells the story of him using Coca-Cola as a gift to his father, a shop assistant, and even Santa himself during Christmas, cleverly conveying positive emotions such as joy, care, and family love. Obviously, the advertisement did not emphasize the product's price or taste, nor did it include any persuasion trying to get more customers. Instead, through this touching story, it naturally links Coca-Cola with the festive atmosphere. This approach successfully transformed Coca-Cola from an ordinary drink into a cultural ritual, making consumers purchasing Coke to satisfy thirst, but also to experience a sense of belonging. This highly abstract but forward-thinking marketing strategy has become an important differentiation for Coca-Cola among all the other brands that sell products similar to Coca-Cola [5,6].

Entering the 21st century, with the rapid spread of internet technology, mobile devices, and short-video platforms, consumer habits have significantly changed. They spend more and more time online. Due to this trend, digital marketing has soon become a new but critical focus for Coca-Cola. The company realized the internet is going to be one of the most popular market in the last at least 50 years and developed its status on the internet, short-video platforms, and digital advertising decisively, trying to occupy this golden mine before the competitors figure out this business opportunity. It successfully stabilized its position on the internet. For example, on mainstream social platforms like TikTok, Twitter, and Instagram, Coca-Cola frequently drops videos and initiates topic challenges, inviting young consumers to upload creative short videos or images related to Coca-Cola. This strategy not only significantly reduces advertising costs but also deepens the emotional connection between the brand and consumers through online interaction, developing former users' brand loyalty and excavating new consumers at the same time [7].

Furthermore, Coca-Cola consistently cooperates with brands from other business to engage with popular IPs and popular brands to maintain its youthful image and market freshness. In recent years, toy brands like Pop

Mart and Labubu have gained lots of fans through digital marketing. With the success of these brands, Coca-Cola partnered with these brands to launch limited-edition toys, successfully reaching younger consumer groups [8]. Such cross-business marketing established another unprecedented genius advertising strategy. Due to this action, its influence far exceeds that of traditional advertising, as it connects with young people's desire for fashion, fun, and social sharing.

However, in the intensely competitive beverage market, relying only on emotional value and cross-border collaborations is far from enough to build long-term monopolistic status. The beverage business is characterized by high profits and relatively low entry barriers, with new brands constantly entering the market through differentiated brand image and innovative products.

Nowadays, consumers are increasingly concerned about health, leading to increasing value of ingredient transparency. As it has done multiple times throughout its decades of history, Coca-Cola sensitively adapted to this shift, positioning itself as a pioneer in leading industry change. While it is sugar-free product lines such as Coke Zero and Coca-Cola No Sugar reacted to health trends and gained acceptance among some consumers, balancing „happiness“ and „health“ remains a long lasting challenge. On the other hand, the evolution of digital and virtual technologies offers new possibilities for brand advertisement. Coca-Cola has already marched into the multiverse by launching virtual digital collectibles (NFTs), creating immersive brand interactions [9]. Although virtual marketing investments may seem to lack immediate effects, this innovative approach has rapidly captured the attention of younger generations, reinforcing the brand's fashion image and cultural relevance among the online-surfing population, thereby stabilizing at least 20 years of future market place.

#### 5. Future Directions and Recommendations for Coca-Cola

First, Coca-Cola should explore cross-industry collaborations more often. In the current stage, brand competition has evolved into a battle for consumer's daily life. Coca-Cola can cooperate with industries such as automotive, home appliances, and fashion to launch „Coca-Cola Customized Editions“, emerging brand symbols into several daily scenarios. Such actions not only increase exposure but also reinforce brand's fame and emotional connections through more often daily interactions. For instance, sports brand Nike has frequently collaborated with all kinds of fashion brands, such as „Nike & Off White“ and „Nike & Air Jordan“ successfully breaking industry boundaries and maintaining brand freshness. Coca-Cola could mimic this

strategy to achieve an evolution from a „beverage company“ to a „daily life brand“ through this cross-border joint. Second, Coca-Cola should continue to promote product healthiness and regional differentiation according to cultural diversity. With growing global health consciousness, relying solely on traditional carbonated drinks is no longer enough for long-term growth, and sugar-free products also face high pressured competition from other beverage companies. Therefore, in order to improve its leading position in the industry, Coca-Cola should develop region-specific flavors based on local food habits, such as tea-flavored Coke in Asian markets, tropical fruit-flavored Coke in Latin American markets, or alcoholic Coke in Europe. This approach not only fits in to local taste preferences but also demonstrates the brand's respect for cultural differences, thereby enhancing consumer identification and loyalty.

Third, Coca-Cola should further enhance virtual interactions to deepen emotional connections with younger generations. Although the brand has achieved success in social media and cross-border collaborations, it is still in the early stages of exploring virtual reality. It is recommended that Coca-Cola can systematically develop a virtual ecosystem belonged to its brand. For example, by using VR technologies to blend the existence of brand into online virtual parties. It could also collaborate with famous games or anime IPs for deeper spread in the virtual world, allowing consumers to naturally encounter the brand during entertainment experiences while not feeling disgusted [10,11].

## 6. Conclusion

Overall, Coca-Cola's advantage in digital marketing lies in its profound marketing strategies. By making the smartest decisions at each era, it has become the consistent leader of the global beverage companies during homogenization competition. However, whether Coca-Cola can maintain its dominance as the king of beverage company in the future depends on its current leadership's ability to make correct business decisions, such as combining „health“ and „happiness“ and impress the consumers across both physical and virtual realms.

In summary, Coca-Cola's success originates not only from the quality of its products but also from its continuous efforts to impart the brand with cultural and emotional significance through marketing. From early free small objects of Coca-Cola and oilcloth advertisements to modern Christmas ads and cross-border cooperation, and potentially future virtual ecosystem belonged to Coca-Cola, it has continuously extended its brand vitality through mar-

keting innovations. These marketing strategies, invented by Coca-Cola decades ago, are still incredibly effective in today's market and hold high reference value for most companies. Coca-Cola sells not just a beverage but also happiness, sharing, and a symbol of human society and civilization.

In this highly homogenized market environment, Coca-Cola's digital marketing case has started many new paths for global consumer goods companies. This paper can provide marketing practitioners of how to face homogenized competition with probable strategies for digital brand construction and emotional marketing. It can also offer academic researchers a great amount of cases theoretical validation in fields such as brand management, digital marketing, and consumer behavior. For Coca-Cola itself, this overall review and analysis provided in this paper can serve as a reference and reflective perspective for future decision-making.

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