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Marketing Research for Coca-Cola Thailand Limited
Implementation of Fanta Free in Thailand

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Abstract

When considering launching a new product it is important to know thoroughly the environment, buyers and competitors. Is there a demand for the new product in the market? Will the product be attracting new or existing category buyers? What are the special needs that need to be taken in consideration in this market?

Thailand has a GDP worth 5.8 trillion Euros (on a purchasing power parity (PPP) basis), or 430 billion Euros (PPP). This classifies Thailand as the 2nd largest economy in Southeast Asia after Indonesia. Despite this, Thailand ranks midway in the wealth spread in Southeast Asia as it is the 4th richest nation, according to GDP per capita, after Singapore, Brunei and Malaysia. (Thailand Economy- Wikipedia)

The foreign companies' investments in Asia, despite the 2008 economic downfall, are looking promising. New companies as well as already existing companies in the Asian markets are seeing the potentials in the rapid growth of Asian markets. Asia is a growing market for western products, such as soft drinks. Coca-Cola recently invested 1.3 million Euros in China. (Patti Waldmeir, Financial Times March 7th - 8th 2009)

This study and research is done for The Coca Cola Thailand Ltd. The aim is to find out if there is a demand and a potential consumer base for a sugar free version of the company's famous 'Fanta' soft drink. The Asian's are paying more attention to their health and food consuming habits. The Coca Cola Thailand Ltd already launched Coke Zero and Coke Light in Thailand to represent the sugar free beverage selection of the company. Additionally Sprite Zero was launched but was retired in December 2008 due to low sales.

Based on the qualitative marketing research made, the new sugar free beverage is seen as attractive, especially among young Thais. But the suspicions towards artificial sweeteners used in sugar free sparkling beverages worried the consumers and might affect their decisions in choosing the normal sugared instead the sugar free light drink. The research also showed that the Coca Cola Company's image is strong and consumers find the company's beverages as a preferred choice among soft drinks available in Thailand.

The research shows that right now there is not a great demand for another sugar free sparkling beverage in the Thai market. Additionally the failure of Sprite Zero in 2008 might be a sign that the market is not yet ready for a broad selection of sugar free beverages. However, the success of Coke Zero as well as the continuously changing, and 'westernizing' Asian consumer tastes might offer a successful market for light beverages in the near future.

1. Introduction

Due to highly populous and rapidly emerging markets Asia is a great investment market for new western products and services. The development of products and the innovation of new products are essential in the continuously changing business world: companies must be in constant awareness of the new trends and customers preferences. Additionally the changing world, the increasing purchasing power of developing countries, opens new markets which means companies must learn the new consumer base and culture. Asia offers great opportunities and possibilities for companies and investors, but knowing the culture and the local consumers is essential. If a product has been carefully researched and developed, an effective launch should contribute to its success.

The Coca Cola Company launched over 150 new low- and no-sugar beverages in 2007, increasing the company's low-and no-calorie portfolio by 17%. (Company Profile of Coca Cola- www.thecoca-colacompany.com) The company has so far introduced 3 no-sugar carbonated soft drinks in the Thai market- Coke Light, Coke Zero and Sprite Zero (Ended in December 2008).

The Thai economy is, and will be, significantly affected by the global economic slowdown, with demand for Thai exports all but seizing up and the tourism sector taking a particularly hard blow. In light of this BMI has revised down its economic growth forecast for Thailand in 2009 from 1% to -2.5%. This slowdown – and its impact on consumer confidence - is in turn likely to have a knock on effect on the country's food, drink and mass grocery retail sectors. (www.euromonitor.com)

The new product which is the topic of this research is an orange flavored, sparkling beverage by The Coca-Cola Company, the sugar free Fanta- Fanta Free. The price of a 0,33l can of Fanta in Thailand is on average 14 THB (0, 29 Euros).

Launching a sugar free beverage in Thailand seems like a great move at this time, statistically that is. The levels of obesity and the number of diabetes patients in Thailand are increasing every year, mainly due to bad eating habits and lack of exercise. The Coca Cola Company has since a long time now, been one of the most influential companies in the world promoting a healthier lifestyle habits and helping sport become a part of every child's life. But there doesn't seem to be a great demand for a new soft drink in the Thai markets at the moment. In the expert interviews two Coca Cola Thailand employees express their personal views on the success of the possible launch of Fanta Free. There are many opinions and some hesitation also towards the new beverage, especially at this time of economic uncertainty. Additionally there is a prejudice towards the artificial sweeteners used in the light beverages and the sparkling beverages in general. However, the consumption of soft drinks globally is increasing, also in Asia. The new sugar free drink with an innovative marketing campaign promoting healthier habits could be just the next big thing.

2. Introduction to The Coca-Cola Company

2.1. History of the Coca-Cola Company

The Coca Cola Company was founded in one of the southern states of the United States in Atlanta, Georgia in 1886, by a local pharmacist, John Stith Pemberton. Twenty three years earlier, in 1863, John S. Pemberton developed "Pemberton's French Wine Coca", a fountain drink sold in drugstores. But the new law regulations, prohibiting alcohol as an ingredient in fountain drinks, persuaded Pemberton to write a new formula for his drink. He tested his formulas on the streets near his drugstore and when he finally created the right formula that got great feedback from the test group, John S. Pemberton brought his new formula to the local a drink fountain whose owner took a like in the formula. He referred to the creation as the 'magical formula' and put it on sale for 5 cents a glass. Frank M. Robinson, Pemberton's business partner and accountant, had the idea of deriving the name Coca-Cola from the ingredients used in it (coca leaves and cola nuts). Robinson also was the one who designed the now world famous lettering for the brand; with its strangely exceptional style he created a trademark which now represents the most popular soft drink in the world.

John S. Pemberton, the Georgia born pharmacist, made hair dye and medicines but failed to receive success. He would be amazed to witness the popularity of his drink formula, in more appropriate words: the sensation he created. Like many great inventors, he never lived to taste the true success of his invention, the pharmacist died in 1888. He created a soda drink which ended up as a world known icon.

Coca Cola quickly begun to spread around the world, partly thanks to unfortunate events such as World War I and World War II. The company also reached the great North; Coca Cola entered Finland in 1952, when the summer Olympics were held in Finland. The marketing campaigns always received a great admiration around the globe. Slogans like 'Buy the world a Coke' were spread around the world, along with refreshing bottles of Coke.

Coca Cola Company wanted to be in the consumer's everyday life, at every occasion, event and holiday. During the tough economic times in the 1920's, Coca Cola's comforting advertisement stated 'Take a break' and during the wars the slogan 'Always tomorrow' brought hope to the consumers. The Coca Company plays a large role in the way the world views the Santa Clause. To create an all-year-round image for the soft drink, the company wanted to be in the consumer's hearts especially during the festive holiday season of Christmas. Coca Cola Company created Santa Clause, the way the company wanted- a jolly, chubby, kind looking bearded man, with a red 'Coca Cola Company suit'.

The Coca Cola Company took over the world's beverage market by storm and by the 1960's the sparkling beverage could be found everywhere from Alaska to Africa.

During the first year of Coca Cola, the sales averaged a modest 9 drinks a day. Today, Coca Cola soft drink is enjoyed hundreds of millions of times a day by people all over the world; 1, 6 billion servings each day in 2008 to be exact.

2.2. Company Profile

The Coca-Cola Company

The Coca-Cola Company is the largest manufacturer, distributor and marketer of nonalcoholic beverage concentrates and syrups in the world. Finished beverage products bearing the Coca-Cola Company trademarks, which have been sold in the United States since 1886, are now available in more than 200 countries. The company now markets nearly 500 brands and almost 3000 beverages. Along with the original Coca-Cola soft drink, which is recognized as the world's most valuable brand, the Coca Cola Company also markets four of the world's top five nonalcoholic sparkling brands, including Diet Coke (i.e. Coke Light), Fanta and Sprite.

'Our Company manufactures and sells concentrates, beverage bases and syrups to bottling operations; owns the brands; and is responsible for consumer brand marketing initiatives. Our bottling partners manufacture, package, merchandise and distribute the final branded beverages to our customers and vending partners, who then sell our products to consumers.

All bottling partners work closely with customers- grocery stores, restaurants, street vendors, convenience stores, movie theaters and amusement parks, among many others- to execute localized strategies developed in partnership with our Company. Customers then sell our products to consumers at a rate of nearly 1.6 billion servings a day. The Coca-Cola system is not a single entity from a legal or managerial perspective, and the Company does not own or control most of our bottling partners. In 2008, approximately 78 percent of our worldwide unit case volume was produced and distributed by bottling partners in which our Company had no ownership interest or a non-controlling equity interest.' (The Coca-Cola Company Annual Report 2008)

The Coca-Cola Company Global Workforce: 92,400

- *Eurasia & Africa 2,400*
Bottling Investments 18,700
- *Pacific 2,300*
Bottling Investments 28,000

(The Coca-Cola Company Annual Report 2008)

Mission and objectives

The strategy of The Coca-Cola Company has for a long time been best characterized as follows: global marketing and local manufacturing. However, the global marketing approach has been

changed to local marketing because of the differences in consumer demands and experiences. To implement their “think local, act local” philosophy, the following key areas are considered:

- *Consumers* – by using innovative and tailored marketing programs based on local consumer insights, The Coca-Cola Company will keep growing its core brands while also leveraging its distribution system to capture other growth opportunities in the ready-to-drink nonalcoholic beverage category.
- *Communities* – local offices around the world ensure that the Company is a respectful corporate citizen and participates as an integral part of each community.
- *Customers* – the Company provides value to customers through every consumer purchase, through superior customer service and through great value creation programs.
- *Coca-Cola System* – the Coca-Cola system business model delivers value to the Company and to its bottling partners. By working together, the Coca-Cola system focuses on growing the overall profits from the beverage category in order to provide strong returns for all parties involved.
- *Coca-Cola People* – the Company recognizes the value of its associates and remains focused on ensuring it has the most talented, creative and motivated people throughout the world.

Mission: to maximize share-owner value over time.

“In order to achieve this mission, we must create value for all the constituents we serve, including our consumers, our customers, our bottlers and our communities. The Coca-Cola Company creates value by executing a comprehensive business strategy guided by six key beliefs:

1. *Consumer demand drives everything we do.*
2. *Brand Coca-Cola is the core of our business.*
3. *We will serve consumers a broad selection of the non-alcoholic ready-to-drink beverages they want to drink throughout the day.*
4. *We will be the best marketers in the world.*
5. *We will think and act locally.*
6. *We will lead as a model corporate citizen.*

The ultimate objectives of the Coca-Cola’s business strategy are to increase volume, expand their share of world-wide non-alcoholic ready-to-drink beverage sales, maximize the long-term cash flows and create economic-value-added by improving economic profit.”(Coca-Cola Annual Report 2008)

The Coca-Cola Company is positioned to capture opportunity:

1. *The Premier Relationship Company*
2. *Innovative Culture*
3. *Energized*
4. *Challenging The Status Quo*

5. *Redefining Our Marketplace*
6. *Anticipating Consumer Trends*

(Coca-Cola Annual Report 2008)

Objectives

- Strong cash flow position, which can be derived from consistent performance and lower investment requirements.
- Average earnings per share growth of approximately 15% over the long term.
- Capital expenditures will be stable to declining from historical trends over the next 5 years, as the investments in the bottling side of the business will be reduced.
- Gradually reduce the dividend pay-out ratio to 30% over time. This reduction will occur due to an increase in earnings, not due to a decrease in the aggregate amount of the dividend payment.
- Maintain the net debt-to-net capital ratios that have been shown historically.

(Coca-Cola Annual Report 2008)

2.2.1. Coca Cola Thailand Limited

Coca-Cola Thailand Ltd is part of The Coca-Cola Company's Asia Pacific Group, which includes other rapidly developing markets such as China, the Philippines, Indonesia, Vietnam and as well as other South East Asian nations.



Figure 1: The Coca-Cola Company Annual Review 2005

The Coca-Cola Thailand Limited works in partnership with two local bottling partners, ThaiNamthip Limited and Haad Thip Public Company Limited. Haad Thip serves the 14 southern provinces, and ThaiNamthip serves all the other regions of Thailand. Together, these three companies form the Coca-Cola system in Thailand. The Coca Cola Thailand portfolio of beverages

includes Coca-Cola, Coke Zero, Coke Light, Sprite, Sprite Zero, Fanta, Schweppes, A&W Root Beer, Namthip bottled water and Minute Maid Splash. (The American Chamber of Commerce in Thailand, www.amchamthailand.com Members Section)

Coca Cola first entered into the Thai market in the year 1949 when Coca Cola established its first Thai production plant in Lan Luang Road. In the early stages, Coca Cola used two bottling equipments called the 'dixie' to produce 6.0 oz package sold at one Thai Baht (approximately 0,02 €) during those days. The market demand quickly exceeded the supply and the current production capacity of the plant. So in 1954 a new production plant was bought in the Sathorn district on Silom Road.

In 1959 three business men, Sarasin, Kiangsiri and Boonsong established Thailand's first bottling company, ThaiNamthip Co. Ltd., in partnership with the Coca Cola Export Corporation of the United States.

The business of the bottling company grew at a very healthy pace in align with increasing consumer demands and popularity of soft drinks. This allowed new drinks to enter the market, the birth of a Thai soft drink 'Antigen Spirillum' followed shortly after the opening of the second plant.

The success of the company allowed the company to invest in a larger plant with greater production capacity. In 1967 the Coca Cola plant moved to Northern Thailand. Five more plants were built, the latest addition in 1997.

Today Coca Cola Thailand employs more than 10,000 people, operates in seven bottling plants and over 80 warehouses, and serves over 250,000 customer outlets through an extensive nationwide distribution network.

The global concept of Coca Cola Company is to commit to produce refreshing beverages with affordable prices and convenient availability. This makes it the number one in the Thai soft drink market with more than 60% of the total Thai market share distribution. Thai's consume approximately 69 glasses of Coca Cola per person per year which makes Thailand the biggest market in Southeast - and West Asia.

Coca Cola Thailand Product Portfolio

- *Coca-Cola*
- *Coke Zero*
- *Coke Light*
- *Sprite*
- *Sprite Zero (Ended in December 2008)*
- *Fanta Orange*
- *Fanta Red*

- *Fanta Green*
- *Schweppes*
- *A&W Root Beer*
- *Namthip bottled water*
- *Minute Maid Splash*

2.2.2. Coca Cola Company in Asia

China is not the only country for which Coca-Cola has adapted its products and business strategies. The company has taken up the "think local, act local" approach around the world over the last decade. Asia is an important test case, as the diversity of cultures and income levels does not provide a unified consumer base. The company encourages local managers to develop new drinks, and regional offices have the freedom to approve local initiatives. In 2000, Coca-Cola introduced 19 brands across the Asia-Pacific region, and it may launch up to 35 in 2001, according to its website. Though this business strategy seems to be effective thus far--sales increased 8 percent in Asia-Pacific in 2000- some analysts have warned that the company risks overextending its operations. Coca-Cola's future in China, and in the rest of the world, will depend on its success in balancing localization with the maintenance of a clear, profitable product line.

Coca-Cola has also given local managers control over advertising operations. In China, Coca-Cola has included everything from Chinese zodiac animals to Spring Festival couplets in its television commercials. The company also devotes significant funding to advertising, spending 17.9 million Euros in China in 2000- more than any other foreign company and 20th overall, according to a survey by AC Nielsen Media International. This approach, combined with a relatively long advertising history in the country (in 1984, Coca-Cola was the first foreign company to advertise on CCTV, China's central-government television station) has made Coca-Cola the most recognized soft-drink brand in China for six consecutive years, according to a recent CCTV survey.

In an interesting example of localization, Coca-Cola initiated a cooperative effort with some of Shanghai's neighborhood committee heads in 1996 to build brand awareness and sell products. These neighborhood officials, who are usually retired elders and oversee around 200 families, agreed to sell Coca-Cola drinks for a commission. According to Coca-Cola's Shanghai division chief, the benefits for the company in terms of advertising were important, even if the sales were modest.

- Coca-Cola USA chairman and CEO Muhtar Kent visited Thailand in September and met with local bottling partners, Thai Namthip and Haad Thip, to map growth strategy in the Kingdom.
- He expressed optimism about the Thai market, saying the company's business in the Kingdom had the potential to double in size.

- The visit was timed to coincide with celebrations for the 50th anniversary of the establishment of Coca-Cola bottling partner Thai Namthip. (The Nation Newspaper, Sept. 5th 2009)

In addition, the launch of the sugar free drink comes after growing concern that sugary soft drinks are contributing greatly to the growing obesity epidemic among children. All this has lead to greater pressure on soft drinks manufacturers to address health concerns.

(<http://www.foodnavigator-usa.com>)

2.3. The Coca Cola Company's manufacturing and distribution process

The Coca Cola Company manufactures and sells beverage concentrates, sometimes referred to as '**beverage bases**,' and syrups, including fountain syrups, and finished beverages:

- 'concentrates' means flavoring ingredients and, depending on the product, sweeteners used to prepare syrups or finished beverages
- 'syrups' means the beverage ingredients produced by combining concentrates and, depending on the product, sweeteners and added water
- 'fountain syrups' means syrups that are sold to fountain retailers, such as restaurants, that use dispensing equipment to mix the syrups with sparkling or still water at the time of purchase to produce finished beverages that are served in cups or glasses for immediate consumption
- 'sparkling beverages' means nonalcoholic ready-to-drink beverages with carbonation, including energy drinks and carbonated waters and flavored waters
- 'still beverages' means nonalcoholic beverages without carbonation, including noncarbonated waters, flavored waters and enhanced waters, juices and juice drinks, teas, coffees and sports drinks; and
- 'Company Trademark Beverages' means beverages bearing The Coca Cola Company's trademarks and certain other beverage products licensed to The Coca Cola Company for which the company provides marketing support and from the sale of which the company derives economic benefit. (The Coca-Cola Company Annual Report 2008)

Our Manufacturing and Distribution Process and Key Impacts

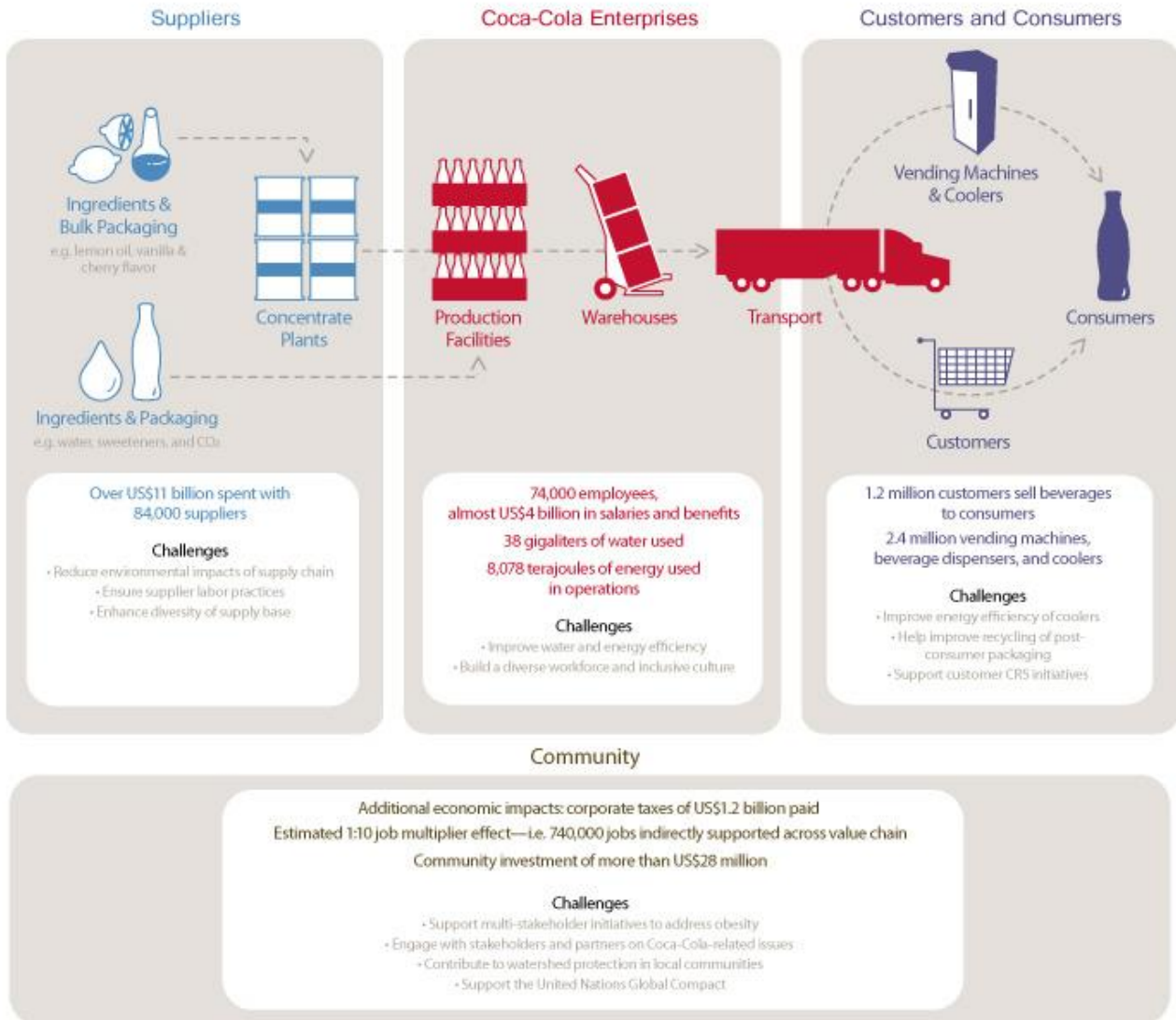


Figure 2: Annual report / The Coca-Cola Company 2008

2.3.1. Financial year 2007-2008

Looking back to financial year 2007-2008 of Coca Cola Thailand Ltd:

The sugar free version of Sprite, Sprite Zero, was introduced in the Kingdom last year, mid 2008 but already withdrawn from the shelves in end of 2008 due to low sales in the country at this point.

This explains the 100% increase in sales but when a compared sale per unit to the company's other products the state of the products success is better understood.

Fanta and Splash suffered minor loss in sales in 2008. Additionally the Sprite Original sales dropped also from 2007. These might have been the result of the launch of the new marketing campaign for Coke Zero and the market entry of the Sprite Zero. (See Table 1)

Despite the global economical situation, which has greatly affected all Asian countries, the Coca Cola Thailand Ltd has increased its sales and is doing very well in all areas. The launching of Coke Zero to Thai markets was a great success, but it caused Coke Light to drop in sales slightly over 20 percent. Also Sprite, Splash and Fanta suffered a minor loss in sales when comparing to 2007.

The financial year of 2008 was over all very positive and successful for Coca Cola Thailand despite the drop in sales. In 2009 the company is aiming towards better and much greater results. In the future, the company is hoping to even double its sales, according to the press conference given in September 2009.

Table 1: Coca-Cola Thailand Limited Financial year 2007-2008

Coca-Cola Thailand 2007-2008	Gross Sales 2008	Gross Sales 2007	Difference	Change %	Gross Sales Mix %
Coca-Cola	25199509	24117523	1081986	4,49	33,6
Namthip	22184827	22056681	128145	0,58	29,6
Fanta	18272376	18342397	-70020	-0,38	24,4
Sprite	5435017	5835330	-400313	-6,86	7,3
Splash	2877455	3537192	-659736	-18,65	3,8
Coke Zero	417397	333404	83994	25,19	0,6
Schweppes	246271	235942	10329	4,38	0,3
Diet Coke/Coke Light	198504	258457	-59953	-23,2	0,3
Sprite Zero	51782	0	51782	100	0,1

2.3.2. Financial outlook for 2009

Market Growth ThaiNamthip 2009 YTD

The Coca Cola Thailand Lmtd total reports healthy second quarter of 2009 operating results case volume increasing steadily.

The company's global growth in the half quarter of 2009 was 5% per unit case growth, in Thailand 9%, second highest in South East Asia after Vietnam with its growth of 12%. Comparison to Japan which was one of the less successful Asian countries in terms of market growth in the first quarter of the year with just 2% total growth.

YTD, Year-to-date 2009, reported earnings per share increased 18 % while comparable earnings per share decreased 7 percent. The YTD of Coca Cola Thailand Lmtd was 21% for the second quarter of 2009. (See **Table 2**)

There may be bumps along the way, given the continued global recession and economic volatility but the company expects to see a global economy inevitably strengthened by attractive demographic shifts, rapid urbanization, renewed entrepreneurial energy and improved consumer sentiment. These trends bode well for the future of The Coca Cola Company and its system. (News Release/ July 2009/www.cocacola.com) Additionally the company expects future earnings and profit growth to be driven by revenue-generating and cost saving capital projects, an increase in production capacity and new product development. (Coca Cola Amatil FOOD WEEK ONLINE)

Table 2: Coca-Cola Thailand Limited Year-to-Date- Financial Report 2008-2009

<u>Total Provision</u>	<u>YTD</u>	<u>+/- YA</u>
ThaiNamthip	40.30%	0.00
Coca-Cola THL	21.04%	0.45
Coke Regular	20,65 %	0.34
Coke Light	0,03 %	-0.02
Coke Zero	0,36 %	0.13
Fanta	15,04 %	-0.18
Fanta Core	15,00 %	0.12
Fanta Grape	0 %	-0.29
Sprite	4,20 %	-0.27
Sprite Zero	0,06 %	0.06%
Pepsi Co Total	42,28 %	-3.23
Pepsi Max	0,21 %	0.03

2.4. Soft drink market in Thailand

The global financial crisis continues to have a negative impact on the Thai economy and as such the report has again revised down its 2009 GDP growth forecast for Thailand from -2.5% to -4.5%. Despite this dismal outlook many of the country's food and drink producers remain positive and this quarter has seen several such producers confirm investment plans both domestically and internationally, as discussed in more detail in the newly published Thailand Food and Drink Report for Q409. (Thailand Food and Drink Report Q4 2009)

The Thai soft drink market increased notably in 2000–2007 and has since been growing at an average annual rate of 4%. The carbonated drink industry is a fiercely competitive one, with the number of choices available to consumers increasing every year. In Thailand- one of the most competitive soft drink markets among free market economies worldwide.

The leading company in the market in 2007 was Coca-Cola Company, The. The second-largest player was PepsiCo, Inc. with Nestle S.A. in third place. The Thai drink market leaders, Thai Namthip and Serm Suk, local bottlers of Coca-Cola and Pepsi-Cola respectively, in Q309 announced that despite the tough economic conditions they would increase their budgets for expansion. With growth in Thailand's soft drink sector forecast to increase 10.2% to reach THB90.3bn in 2013 (1.84 billion Euros) both companies are hoping to improve efficiencies in order to take advantage of this. (Thailand Food and Drink Report Q4 2009)

The outlook for Thailand remains positive in the long-term; however, despite some positive activity this quarter, the operating environment is likely to remain tough in the short term as the latest financial data from the country's retailer's shows. (Thailand Food and Drink Report Q4 2009: www.companiesandmarkets.com)

For over 50 years, the Coca-Cola system has been the leading non-alcoholic ready-to-drink beverage business in Thailand. The Coca-Cola system in Thailand comprises Coca-Cola (Thailand) Limited, and its two locally licensed bottlers, Thai Pure Drinks Limited and Haad Thip Public Company Limited. The Coca-Cola system in Thailand produces Coca-Cola, the world's favorite soft drink, as well as Fanta, Sprite, Schweppes, A&W Root Beer, Namthip bottled water and Minute Maid Splash. "We're constantly listening to Thai consumers and innovating to meet their needs. Consumers today are becoming more health conscious and they're seeking juice drinks that are convenient, healthful and great-tasting and that come at the right price. We rest assured that the new product innovations in Thailand and the new marketing campaigns will increase further success and reassure the brand's leadership position here in Thailand," Ms Chuenhathai (Coca Cola Thailand Ltd/Press Release 2009).

2.4.1. Brief history of Fanta

Fanta is a fruit flavored soft drink from The Coca Cola Company. With more than 70 different flavors worldwide, today Fanta is sold in 188 countries. Fanta is the second soft drink created by the Coca Cola Company.

Fanta originates from Nazi Germany during the World War II, introduced circa 1942 or 1943, when Coca Cola was unable to import the syrup needed for producing Coca Cola to the country. Dr. Schetelig, the chief chemist of The Coca Cola Company invented a soft drink made from products that can be found in Germany. The new fruity soft drink was named Fanta from 'fantasia'.

Primary international competitors to Fanta have included Tango, Mirinda, Slice, Orange Crush, and Tropicana Twister. (<http://www.snopes.com/cokelore/fanta.asp>)

The composition of Fanta, for the same flavor, varies from country to country. For example, the European Fanta Orange has orange juice (in varying percentages), whereas the US formulation does not. The Australian version is 5% fruit juice, and South American formulations also have orange juice, especially in Brazil, where Fanta is 10% orange juice. These differences mean the taste of Fanta differs greatly from country to country, more so than regular Coca Cola, and may in part explain why the drink's popularity varies so much between different countries. Difference in coloring can be observed internationally, for example European Fanta Orange is a light orange

almost yellow, in Latin and North American markets, deep orange coloring is used. (Wikipedia 'Fanta')

2.5. Fanta in Thailand

Fanta Orange is Coca-Cola Thailand's third most selling beverage, after Coca Cola and Namthip-water. The fruity flavor of Fanta and the refreshing sparkling soda make it a favorite for many Thai's in the tropical climate. The red Fanta is at number four in the company's Thai sales, just after the original Fanta which is at number three. The Fanta Red, also known as 'nam dang' (Red Soda), success in Thailand is explained by the religion. Thai's use the sweet red beverages as Buddhist offerings at the 'spirit houses'. Meaning that despite the success in sales, the drink is actually not enjoyed by consumers but offered and displayed at the small 'spirit houses' or altars outside each home, shop and office. Additionally the Red Fanta has been named as one of His Majesty the King of Thailand's preferred drinks.

Fanta flavors sold in Thailand:

- *Blueberry (retired)*
- *Watermelon (retired)*
- *Lychee*
- *Pineapple*
- *Mango (retired)*
- *Lime (retired)*
- *Grape (retired)*
- *Root Beer (retired)*
- *Orange*
- *Green Soda (This flavor is not listed on the packaging; it is just called green soda or 'nam quiew'. The taste is very similar to a green jelly drink that is popular in Thailand and Southeast Asia.)*
- *Red Soda (This flavor is also not listed on the packaging; it is just called red soda or 'nam dang'. The flavor is of the sala-fruit.)*
- *Berry Love (2006)*

(www.wikipedia.org: 'Fanta')

2.6. Defining the new product- 'Fanta Free'

Often new products fail, usually for many reasons. Many companies, even big successful companies sometimes fail to launch a product successfully. Sometimes is the advertising campaign which doesn't communicate, sometimes the market is not familiar or the pricing is wrong. Companies are often neglecting the obvious, what the research tells them. A well carried out market research is the key. Without all the necessary information about the market and consumers the launch is set to fail, sooner rather than later its life cycle comes to an end.

Preparing for these issues can help increase the probability of success:

- *Timing*

Will the product be ready in time? Are all key elements coordinated?

- *Capacity*

Is there enough manufacturing capacity? Do all the bottling plants have the required capacity and resources for a new product? Are the bottling companies ready? Are the logistical parties ready for increased production and deliveries?

- *Testing*

Has the new product been test-marketed? Is the product like the Thai consumers want it?

- *Distribution*

Are there restaurants, malls, supermarkets, cinemas and stores to sell Fanta Free in Thailand? Can the same distribution channels be used as to other Coca Cola Thailand products?

- *Training*

Are employees ready and trained to sell the new product? Are the distribution channels familiar with the product? Training needs to be done before the product is in stores.

- *Promotion*

Are the advertising and marketing campaigns ready? Is there an innovative, creative new advertising done for the new product?

Fanta Free – Fanta Light

Fanta Free is the sugar free version of the Coca Cola Company's classic orange flavored sparkling beverage. The sugar free concept of sodas came in the markets when the western countries bad eating habits began to be a real concern in consumer's everyday life. The companies on the food and beverage sector came up with ideas to use the new innovations such as artificial sweeteners in their advantage. When the Coca Cola Company launched the sugar free version of the classic Cola, Coke Light (also known as Diet Coke) consumers dealing with diabetes or obesity were able to continue enjoy the refreshing flavor Coca Cola- without sugar.

The original Fanta Orange soft drink has 51.9g of sugars in a can, with a total of 111 calories. The Fanta Light, which is sweetened with artificial sweeteners, has just 0.1g of sugar and 2 calories per can as stated in the nutritional information of Fanta Free and Fanta Orange Original: see Appendix 1.

The price of a 0,33l can of Fanta in Thailand (in October 2009) was on average 14 THB (0, 29 Euros).

As the trend for healthy lifestyle grew and the ideal of lean slim bodies filled the consumers preferences, Coca Cola Company decided to broaden the selection of sugar free beverages and in addition to Diet Coke, the company launched Sprite Zero (also known as Sprite Light and Diet Sprite) and Fanta Free (also known as Diet Fanta and Fanta Light).

In Thailand the Fanta Free would not have any direct competition in Thailand since it would be the only one of its kind on the Thai market. A caffeine free low calorie sugar free sparkling beverage. There are numerous of sugar free or low sugar still beverages such as ice teas and juices but not carbonated soft drinks in other than cola flavor. At the moment there are three sugar free, sparkling beverages in the Thai markets: Coke Light and Coke Zero from the Coca Cola Company and Pepsi Max from Pepsi Co

2.7. Product success example - Coke Zero

Coke Zero in Thailand

Diet soft drinks never succeeded well in emerging Asian markets until 2007, when Coca-Cola introduced in Thailand the newest drink to carry the famous name, no-calorie Coke Zero.

In 2009 the drink had captured 40% of the country's diet soda market. Though still small compared with the United States soft drink market, where artificially sweetened soda makes up 20% of the carbonated drink market, in Thailand the market doubled from 2007 to 2008, to 2.6% of the \$1.1 billion market.

What is surprising is that Coke Zero has done so well in emerging markets in Asia, where no-calorie colas never captured much market share. What's the secret recipe? The company says Coke Zero tastes a lot more like regular Coca-Cola, to which Asian consumers are accustomed, than Diet Coke does, since it was specifically formulated for the latest artificial sweeteners.

There's more to the product's popularity in emerging markets in Asia. "Taste certainly matters, but timing helps, too," says branding and marketing consultant Martin Roll. Despite the global downturn, consumers in Thailand continue to gain purchasing power, and specialty drinks are one of the first luxuries consumers can afford to indulge in. In fact, Coca-Cola's sales across all brands grew 7% in the first quarter of the year in Thailand even as consumer spending decreased.

Coke Zero's sleek, black packaging, ads aimed at fit young men and giveaways at sporting events and concerts might have helped fuel demand, too, especially for those hoping to capture an affluent lifestyle in a can. But the simplest answer of all may be that Coca-Cola's new no-calorie drink is getting popular in Thailand because people are getting fatter and need to switch. Obesity rates in the country have skyrocketed in the past decade. Today one in six of the population is considered obese by the country's ministry of health. (www.forbes.com)



Figure 3: The Coca-Cola Company 2008 ; Coca-Cola Thailand Limited launched the zero-calorie drink 'Coke Zero' in Thailand in 2007

3. Purpose, Methodology and Structure of research

Purpose- The research is made for The Coca Cola Thailand Ltd, to study if there is a demand for the light sugar free version of the Fanta and if it would be profitable for the company to launch the beverage in the Thai market.

Methodology- The research was conducted using qualitative research methods due to the nature of the product. Qualitative research is a research method that measures information based on opinions and values instead of only relying on statistical data.

Structure- This research is divided into three main parts. First part is an introduction to The Coca Cola Corporation and its history, and great emphasis is made on ThaiNamthip, Coca Cola Thailand Limited and the new product, Fanta Free.

The second part is an introduction to the theory of the research and the actual conducting part of the study, a questionnaire as well as two expert interviews. Additionally the second part is explaining briefly the environment of Asian markets and other matters and facts which are essential in the research.

The final part, the third section of the study is dedicated to the results of the research and understanding why the study led to these results.

Research Methodology

To conduct this market research of Fanta Free in Thailand a methodological approach was chosen, using a qualitative research.

- *A qualitative marketing research is used for exploratory purposes- small number of respondents; examples include interviews, projective techniques and focus groups. (Wikipedia/Marketing Research)*

A questionnaire and expert interviews, as well as analysis on the product and market were used as of the instruments for this market research on Fanta Free soft drink. The questionnaire was carried out in Bangkok, in Thailand at a restaurant, a convenience store as well as in a student event. The questionnaire was handed to people who are soft drink consumers.

Out of 50 questionnaires 32 were filled with full detail and used for the results of the survey.

- *Questionnaire (see APPENDIX I)*

4. Research Problems

The intention of this research and this final thesis is to answer the key question whether there is a potential market niche for Fanta Light-soft drink in Thailand. The research and analysis will also answer the sub questions:

- What should be taken in consideration when planning to launch a new sugar free soft drink in Thailand?
- What kind of target market is there for the new soft drink?
- Is there a strong enough demand for the sugar free, light-version of Fanta?
- What kind of competition is there?

5. Theoretical Framework

5.1. Market segmentation

Market segmentation is a strategy that involves dividing a larger market into subsets of consumers who have common needs and applications for the goods and services offered in the market. These subgroups of consumers can be identified by a number of different demographics, depending on the

purposes behind identifying the groups. Marketing campaigns are often designed and implemented based on this type of customer segmentation.

The correct segmentation is that which allows us to detect and analyze the market's opportunities, discover untapped niches, get to know customers' desires and tastes, and adjust sales and marketing strategies. It is not enough to segment appropriately. The important thing is to manage the market the offer is aimed at in the most appropriate way. (The Times 100, Business Studies Theory)

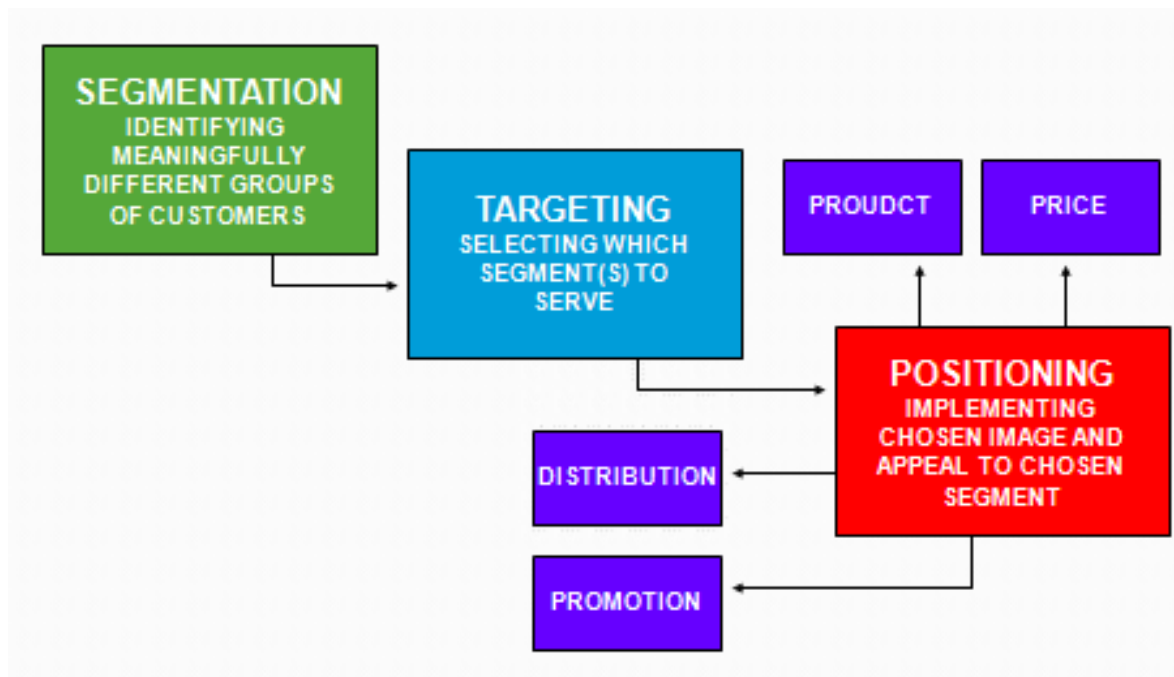


Figure 4: From: VARS Framework

The Segmentation Process:

Implementing a segmentation strategy has three components:

- Identifying the market segments
- Targeting desirable segments to focus on, and
- Positioning your organization to take advantage of those choices.

(www.marketsegmentation.com)

The four most common segmentation methods are geographical (in which consumers are distinguished by localization characteristics), demographic (where the determining factors are the elements of the customer's personal situation), psychographic (in which more attention is paid to

consumer lifestyles, activities, and interests), and behavioral (based on customers' purchasing behavior). (http://www.12manage.com/description_market_segmentation.html)

Geographical

Capital: Bangkok

Main urban areas: Bangkok, Chiang Mai, Nakhon Ratchasima

Ethnic groups: Thai 75%, Chinese 14%, other 11%

Languages spoken: Thai, ethnic and regional dialects

Climate: Tropical; rainy, warm, cloudy southwest monsoon (mid-May to September); dry, cool northeast monsoon (November to mid-March); southern isthmus always hot and humid

(Source: National Statistical Office and Bank of Thailand)

Thailand's tropical climate has fuelled the country's thirst for soft drinks, with consumption growing steadily in recent years, according to market analysts 'Canadean'. Bottled water and other 'healthy' drinks are the main drivers of growth.

The non-alcoholic beverage market in Thailand has significant growth potential because of present low per capita consumption. Additionally, due to an expansion in the number of "off sale" outlets such as convenience stores and hypermarkets, non-alcoholic beverages are available to a larger portion of the population. Approximately two thirds of the retail market in Thailand consists of modern formats such as supermarkets and hypermarkets. However, traditional formats such as wet markets and small, family-oriented stores are still important, particularly in rural areas.

Demographic

The population of Thailand was estimated at 65,493,298 in July 2008. Approximately 25 percent are under the age of 15.

This core population includes the central Thai (36% of the population), Thai-Lao (32%), northern Thai (8%), and southern Thai (8%).

Age Structure

0-14 years: 21.2% (male 7,104,776/female 6,781,453)

15-64 years: 70.3% (male 22,763,274/female 23,304,793)

65 years and over: 8.5% (male 2,516,721/female 3,022,281) (2008 est.)

Life Expectancy at Birth

total population: 72.55 years

male: 70.24 years

female: 74.98 years (2007 est.)

(Source: National Statistical Office and Bank of Thailand)

Psychographic

Population below Poverty Line: 10.4%

The literacy rate in Thailand is quite high and in recent years there has been an increased emphasis on education. The development of the Kingdom's human resources is its highest priority.

Age 15 and over can read and write:

total population: 92.6%

male: 94.9%

female: 90.5%

(Source: National Statistical Office and Bank of Thailand)

Behavioral

Health consciousness continues to be an important trend in Thailand. Growing awareness of such issues has spurred major players to develop more healthy drinks.

Partly due to the tropical climate and hot weather all-year-round carbonated drinks are very common at every age group and income level. Thai consumers drink soft drinks at every occasion-party, event, eating out and even during normal daily breaks.

5.2. Launching new consumer products

Fanta Free is a beverage, enjoyed by consumers from a bottle, glass or a can. It is categorized as a tangible good. 'Tangible means capable of being touched. A tangible product is something which a company produces which the customer can see or hold, as against something like advice.'

(Marketing Management, Kotler and Keller)

The number-one reason new products, both tangible and intangible, fail are poor market research, said Kathy Morrissey, '98, cofounder of Strategy 2 Market Inc. A through market research and a carefully studied market research can provide a high-profile launch platform which can then be used to accomplish many different objectives.

These include:

- to build interest in the new product;
- to announce the new product or increase customer awareness;
- to inform customers how to obtain the new product;
- to offer customers further information, or a trial of the product, as a way of generating sales leads. (Strategy 2 Market Inc)

Innovation goes beyond the product; it has to be unique in some way, created with innovation and differentiated from all the other competitors' products consumers have to choose from. The Coca Cola Company has always been praised for its ability to find extremely talented and innovative individuals across the globe to join their team. The Coca Cola Company has realized early on that each country and region has their own culture and to succeed everywhere, the company must be 'there', located there and be on track of that places market, on each and every level.

Launching a product in international markets means the company must also market the product internationally. The company will have to face different requirements for buying, negotiating, owning, and disposing of property. Additionally different culture, language, religion, and legal as well as political systems will bring their own challenges for entering a new market and marketing the new product.

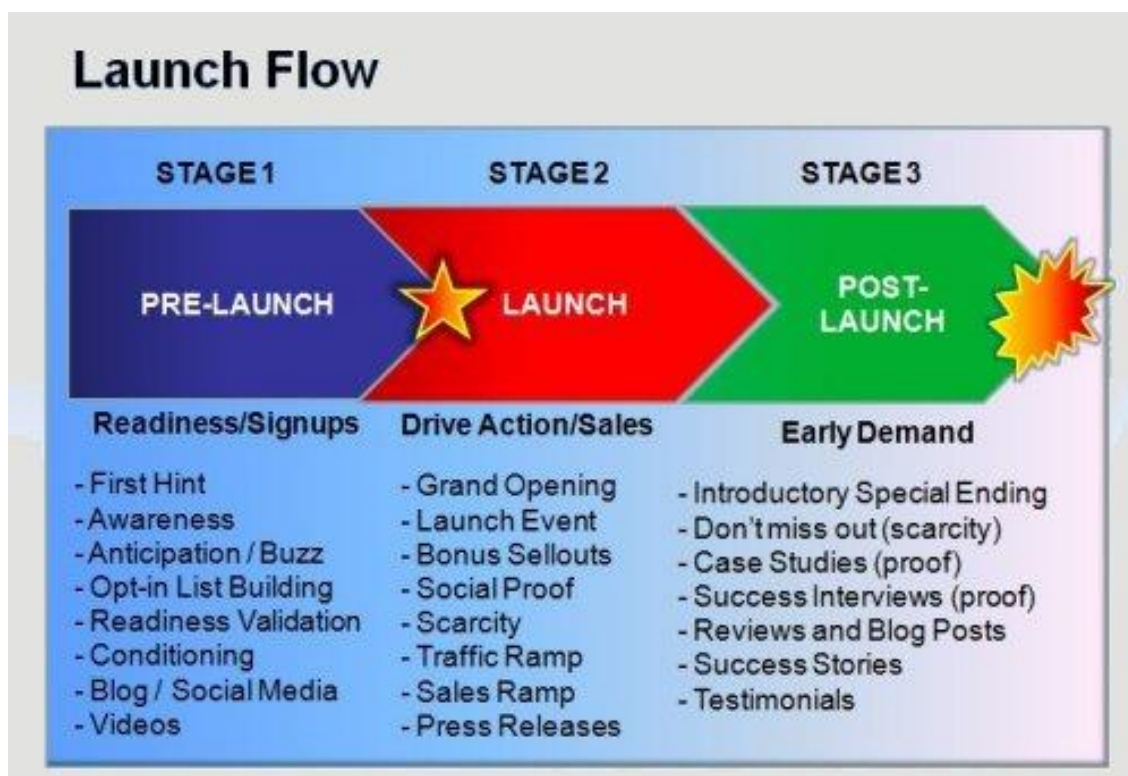


Figure 5: 'Winning Flow' - Business Theory

5.2.1. Marketing of the new product- Holistic Marketing

Holistic marketing is a marketing strategy which is developed by thinking about the business as a whole. When using a holistic marketing strategy, every aspect of the business must be carefully considered. The company must think about how a consumer will interact with its product, its website, its advertising materials, and everything else. The Coca-Cola Company uses the holistic marketing strategy in its business operations globally.

“With operations spanning more than 200 countries, we are able to transfer what has been successful in any given market to other countries and operating groups. We routinely bring managers to stronger performing markets to study what works there and why, so they can take that knowledge back to their home markets to improve their local strategies and plans. Best practices in product innovation, packaging, cold-drink equipment and marketing can be localized and applied, leveraging the talent and know-how within the system for maximum benefit.” (Annual Review 2008)



Figure 6: Marketing Pilgrim

5.3. Market research theory

A consumer marketing research is a form of applied sociology that concentrates on understanding the preferences, attitudes and behaviors of consumers in a market-based economy, and it aims to understand the effects and comparative success of marketing campaigns. (The Times 100, Business Studies Theory)

Marketing research means finding out about the product and its market place. It is an important part of identifying and anticipating customers’ needs. Once the product has been bought, marketing research can be used to see if the customer was satisfied.

A business might carry out marketing research to:

- Find data and information that help a business understand what customers want now or in the future.
- Find out whether current products are satisfying customers.
- Test new products by asking potential customers to try out the product.
- Assess the results of its promotional strategy – e.g. test the effectiveness of an advertising campaign.
- Understand the activities and strategies of competitors.

The two main kinds of marketing research are

- **Primary** research
- **Secondary** research

Market research – Primary and Secondary research techniques

- *Primary market research:* In primary research, the business conducts studies with potential customers to find out how they feel about the business's product or service and the competitors' offerings. The studies also inquire into potential customers' shopping habits and preferences.
- *Secondary market research:* Secondary research involves studying what others have learned about your market; typically this involves reading trade journals, other business publications, or reports generated from studies that others have commissioned.

A primary marketing research technique was used for conducting this research for Coca-Cola Company in Thailand. Primary marketing research is collected for the first time- it is original and collected for a specific purpose, or to solve a specific problem. It is considered more expensive and time consuming but it is more focused than secondary research. There are many ways to conduct a primary research, such as: product *testing*, *focus groups*, *omnibus studies* and *mystery shopping*. In this market research done for Coca-Cola Thailand, interviews and projective techniques were used.

Interviews: Face-to-face interviews are conducted between a market researcher and a respondent. Data is collected on a survey. Some surveys are very rigid or 'structured' and use closed questions. Data is easily compared. Other face-to-face interviews are more 'in depth', and depend upon more open forms of questioning. The research will probe and develop points of interest.

Market research involves collecting, recording and making sense of all the available information which will help a business unit to understand its market. Market research finds answers to the following questions:

1. *Who are the target customers?*
2. *What is the target market?*

3. *What do the customers want/need?*
4. *Is there a market for this new product?*
5. *How is the market changing?*

The role of marketing research in managerial decision making is explained further using the framework of the “DECIDE” model:

- D – Define the marketing problem
- E - Enumerate the controllable and uncontrollable decision factors
- C – Collect relevant information
- I – Identify the best alternative
- D – Develop and implement a marketing plan
- E – Evaluate the decision and the decision process

(DECIDE Model Theory ‘Business Plans’)

Factors Influencing Consumer Choice

When making decisions on products a business must look at factors that influence consumer choice such as *Psychological factors*, *Sociocultural factors*, *Economic factors* and *Government Factors*.

Psychological Factors: such as motivation, perception, lifestyle, personality and self concept, learning, and attitudes influence the consumer’s behavior towards a product and Coca Cola has addressed this issue by introducing Diet Coke to satisfy different lifestyles.

Sociocultural factors: such as culture, subculture, socio-economic status, family and reference groups influence the consumers’ behavior towards a product.

Economic factors: such as Disposable income and discretionary income. Coca Cola has addressed this side of the influence by maintaining a low price on the price of its products.

Government Factors: such as new regulations, inflation, interest rates all influence consumer spending and choice. (www.thecoca-colacompany.com)

Advantages of interviews:

- They allow more ‘depth’.
- Up to date.
- Specific to the purpose – asks the questions the business wants answers to.
- Collects data which no other business will have access to (the results are confidential).
- In the case of online surveys and telephone interviews, the data can be obtained quite quickly (think about how quickly political opinion polls come out).
- Respondents can be observed at the same time; body language can emphasize responses.

Disadvantages of face-to-face interviews:

- Can be difficult to collect and/or take a long time to collect.
- Is expensive to collect.
- May provide miss-leading results if the sample is not large enough or chosen with care; or if the questionnaire questions are not worded properly.
- Some respondents will give biased responses when face-to-face with researcher.

5.4. SWOT for the new product- Fanta Free

A scan of the internal and external environment is an important part of the strategic planning process. Environmental factors internal to the firm usually can be classified as strengths (S) or weaknesses (W), and those external to the firm can be classified as opportunities (O) or threats (T). Such an analysis of the strategic environment is referred to as a **SWOT analysis**. (Marketing Management, Kotler and Keller)

The SWOT analysis provides information that is helpful in matching the firm's resources and capabilities to the competitive environment in which it operates. As such, it is instrumental in strategy formulation and selection. The following diagram shows how a SWOT analysis fits into an environmental scan:

SWOT Analysis Framework

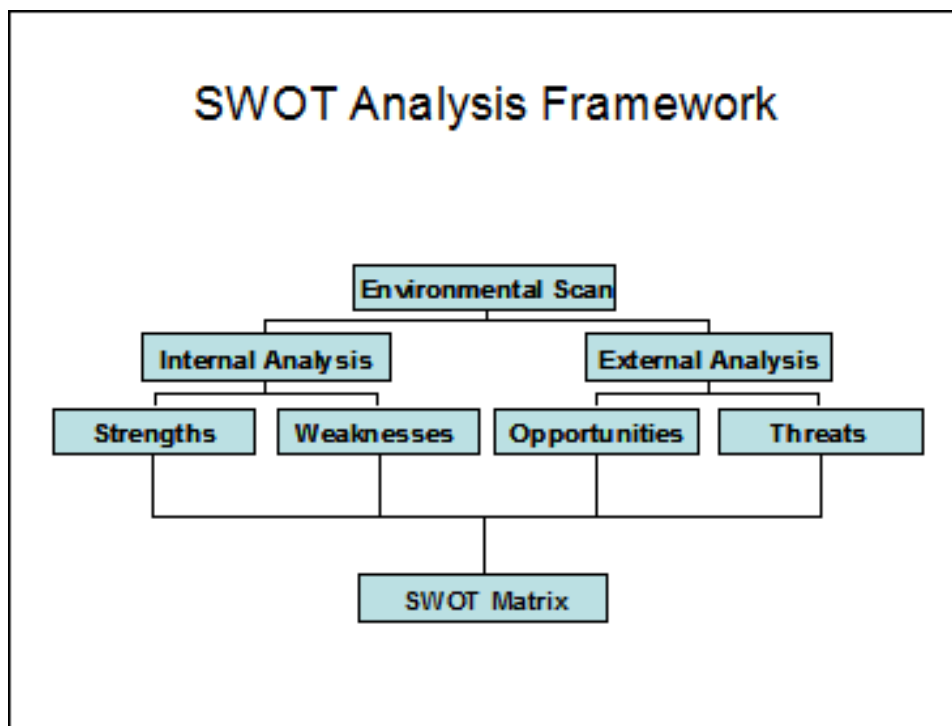


Figure 1: (The Black Country Enterprise Loan Fund)

Strengths	Weaknesses
<ul style="list-style-type: none"> • Coca Cola's strong established brands and brand image. • Strong relationship with mother companies abroad. • Highly loyal consumers. • Established manufacturing platform. • Extensive distribution network. • Heavy marketing and advertising expenditure. • Vast market and consumer base (from young to older consumers). • Little competition in sugar free beverage market. 	<ul style="list-style-type: none"> • The drink has to be modified to Thai consumer tastes. • Declining sales. • Rising costs of ingredients and packaging materials. • Increasing energy costs. • Is there a strong enough interest towards the new product? • Can the sugar free beverage be produced in the existing plants in Thailand?
Opportunities	Threats
<ul style="list-style-type: none"> • No direct competition in sugar free beverage market in Thailand (excluding Light Cola's and Pepsi max). • Shift in consumer preferences towards beverages tied to health and wellness. • Increasing soft drink market in Thailand -> possible increasing demand in future. • Increasing demand for sugar free products for diabetics. • Increasing incidence of eating-out. 	<ul style="list-style-type: none"> • Prejudice towards artificial sweeteners. • Failure of Sprite Zero in 2008. • Scarcity and quality of water (a key ingredient in manufacturing). • Rising consumer prices. • Intense competition. • Dependence on bottling partners.

Figure 7: SWOT Matrix for Fanta Free

The SWOT analysis was done before the actual research as a step of the study to point out the objectives as well as different aspects which should be taken in consideration when launching a new product in Thailand. The SWOT shows both success factors as well as weaknesses of the Fanta Free-product.

The main objective of the SWOT matrix is to provide a realistic picture of the product as well as the planned entry market.

Strengths

The success of the soft drinks industry in Thailand hinges on several strengths. The consumer base, target market for Fanta Free is very wide. The orange flavored soda is enjoyed by all age groups in Asia, mostly from young teenagers to middle aged Thai's. This increases the possibility of success but also makes the marketing a bit more challenging since it has to appeal to Thai's of various ages. Additionally, many of the brands are well-established and have been in the market for several decades now. The local licensees also enjoy strong support from their mother companies abroad. The brands have also developed a loyal customer base. The companies have established manufacturing facilities and extensive distribution network all over the country. Also, the companies spend heavily on marketing and multi-media advertising. They also continuously pursue product innovations to cater to changing demands and lifestyles of the market. The products are also priced reasonably and there is a wide array of choices for the consumers.

In addition with the fascinating image of Coca Cola as the everlasting trend among people of all ages and all income levels, the familiarity and trust towards the company is a strong advantage. However, the company's ability to think globally and act locally is the greatest strength of all.

Weaknesses

The Western countries have already adapted the sugar free and low fat products as a part of everyday life. The world is facing great issues with the increasing number of obese and diabetic's, as well as people with heart and blood pressure issues. Asia's have been well away from these problems, until now that is. The fast food culture from the West has reached Asia in the 1990-2000's and the consequences can be seen today. Despite the fact that the problem exist, the Asian's haven't admitted it just yet. The issues of obesity are new to the healthy culture and agricultural lifestyle of the Asian's countries. Asia just needs to recognize the truth of the situation and take the turn towards change. Perhaps Coca Cola can be a step towards change in this and begin promoting the healthy lifestyle in Thailand with new sugar free beverages.

There are currently less than ten operating Coca Cola plants in Thailand and it is uncertain if there is capacity to produce Fanta Free in the existing plants or is there a need to build more plants. This would mean large costs and with the uncertainty of the success of the new product this might not be a profitable investment.

Opportunities

The opportunities for new products in Thailand are very good for Coca Cola. There are signs of increase in demand for sugar free products in Asia such as:

- The growing trend on health consciousness
- Increase in adulthood diabetes, in 2008 approximately 12-20% of adults in Asia are affected, depending on the individual country. (www.g-i-m.com)

- Rises on alcohol taxes in Thailand has been estimated to increase the consumption of non-alcoholic sparkling beverages.
- Very small competition, no direct competition for a fruit flavored sugar free sparkling beverage.

In addition, the increasing incidence of eating out among Thai families also presents an opportunity as it may translate to more orders of carbonated drinks.

Threats

The Coca Cola Thailand Ltd, launched Sprite Zero, the sugar free version of Sprite soft drink in 2007 but it didn't reach the expected sale volume so it was cancelled in December 2008. This makes the investment in another sugar free drink in Thailand more doubtful. But perhaps there would be larger target group for the Fanta Free, orange flavored beverage than for the Sprite Zero.

There are threats brought about by intensifying competition in the market, not only within the industry itself but also coming from other non-carbonated beverages such as bottled water, ready-to-drink teas, fruit juices, fitness waters, sports drinks, among others. The shift in consumer preferences towards beverages tied to health and wellness also pose a threat. Despite the sugar free concept the carbonated soft drinks are seen as unhealthy beverages. Scarcity and quality of water, which is a vital input in the manufacturing process, are also key concerns to watch out for. Rising consumer prices is also a threat in that it could lead consumers to cut back on "unnecessary" expenses.

Additionally the Asia's are not yet as familiar to the sugar free versions of products and the artificial sweeteners arouse prejudice and doubt. Also some consumers feel a difference in the flavor of the sugar free drink compared to the original, normal sugared beverage. Concluding that in Thailand, health concerns and also taste issues are holding the consumers back.

6. Target Group for Fanta Free

The possible target group of the sugar free orange flavored beverage is broad. The classical image of Fanta is appealing to the older consumer population base and the funky marketing campaigns and refreshing flavor has made Fanta a drink enjoyed among the young as well as the young adults. The sugar free feature of the drink makes the beverage appealing to the weight conscious Asian women, but also a great product for those who suffer from health issues where excess sugar should be avoided, such as diabetes or obesity.

For example consumers in the target group could be:

- Weight conscious men and women usually between 16-45 years of age
- Diabetics
- Obese consumers who need to be careful with the amount of sugar consumed in their daily diets
- Consumers who wish to enjoy a refreshing moment without extra load of sugar and energy
- Children whose parents are aware about the sugar free benefits (less energy, better option for teeth)

6.1. Customer characteristics of Fanta Free in Thailand

<i>Segmentation variables</i>	<i>Data</i>
Geographic	
World region	Asia
Country	Thailand
Cities	All major cities in Thailand
Density	Urban
Climate	Tropical
Demographic	
Age	14-55
Gender	Female, Male
Family Size	1-2, 3-4,5-
Family life cycle	Married, Unmarried, Divorced
Income	All income levels
Occupation	Non specified
Education	Non specified
Religion	Major religion Buddhism, smaller percentage of Islam, Hinduism and Christianity
Race	Asian
Nationality	Thai
Psychographic	
Social class	Non specified
Lifestyle	Experience Makers and Achievers
Behavioural	
Occasions	Parties, Events, Sports, Occasions, Daily life
Benefits	Quality, Taste
User status	First time (Fanta Free)
Loyalty status	Strong
Readiness stage	Aware, Interested

7. Market Research

7.1. Expert interviews

7.1.1. Expert I: Krichawat Sivasri, Coca Cola Thailand Ltd., Thai Pure Drinks Ltd.- ThaiNamThip

1. Do you think there would be a market for a sugar free Fanta soft drink in Thailand?

After seeing the outcome of launching Sprite Zero in 2007 (the production was ended in December 2008), I personally would not bring a new light soft drink to the market at this moment. There might be a potential existing market here or it can evolve, but the market need thorough research and study before a successful launch of a new product in that category .

2. What kind of target market would the sugar free Fanta have in Thailand?

I would see the potential future target market as working women who are conscious about their weight and body image. Additionally children who struggle with obesity as well as people who are diabetic could benefit from this product.

3. How do you think sugar free (i.e. light, diet) drinks are seen in Thailand? How do people feel about sugar free products?

Thai's are not yet well aware of the artificial product culture or the impacts or benefits of the sweeteners. I personally believe that the prejudice towards artificial sweeteners is very strong and it's an issue that has to be solved if a new product launch should take place.

4. What kind of marketing would you use to promote the new Fanta Free (sugar free Fanta) in Thailand?

The fact that the drink is sugar free and it provides the possibility for people with health concerns, who are severely obese or diabetic, to enjoy a flavored beverage. The idea is to give something good, to offer an experience, an enjoyment. The more people who can enjoy the Coca Cola brands beverages, the better it are for the company. The light-beverages can offer new markets, new consumers, but the market has to be well acknowledged and studied before proceeding into a complete new product production at this time (considering the economical situation of the 2000's).

7.1.2. Expert 2: Sirima Viratyaporn, ThaiNamThip

1. Do you think there would be a market for a sugar free Fanta soft drink in Thailand?

Yes. Because now all people concern about their health and people put more emphasis on the nutritious content of the food they consume. Especially girls and women are very concerned of their weight in Asia since throughout time we have admired the lean figure. The consumption of diet products is increasing and people are more aware of the hidden sugar and fat content of products.

2. What kind of target market would the sugar free Fanta have in Thailand?

Working people and young people (age 19-25). Especially girls and women, but not so much the younger population, I believe children will always prefer the true sugar beverages for the energy boost as well as natural flavor.

3. How do you think sugar free (i.e. light, diet) drinks are seen in Thailand? How do people feel about sugar free products?

I think it's good, for a long time we were very much behind the western world with light products but now they are slowly arriving to Asia and the sugar free products have received a warm welcome among Thai's.

However there are still some people who believe that it's not truly sweet. They can feel the taste difference. And some people think it's not good if you use it often, there are many prejudice as well as true concerns about the artificial sweeteners.

4. What kind of marketing would you use to promote the new Fanta Free (sugar free Fanta) in Thailand?

Being an Asian country, with a strong agricultural history, Thai's appreciate the wellbeing of the land as well as the body. That for the health impacts of the drink should be well promoted. Additionally the benefits of the drink being low calorie will create a strong target group among the young healthy body image driven young Thai's.

7.2. Questionnaire

Results of the survey

The survey was conducted in Bangkok in July during one week in different restaurants and convenience stores. Additionally the questionnaire was handed to students in a university campus.

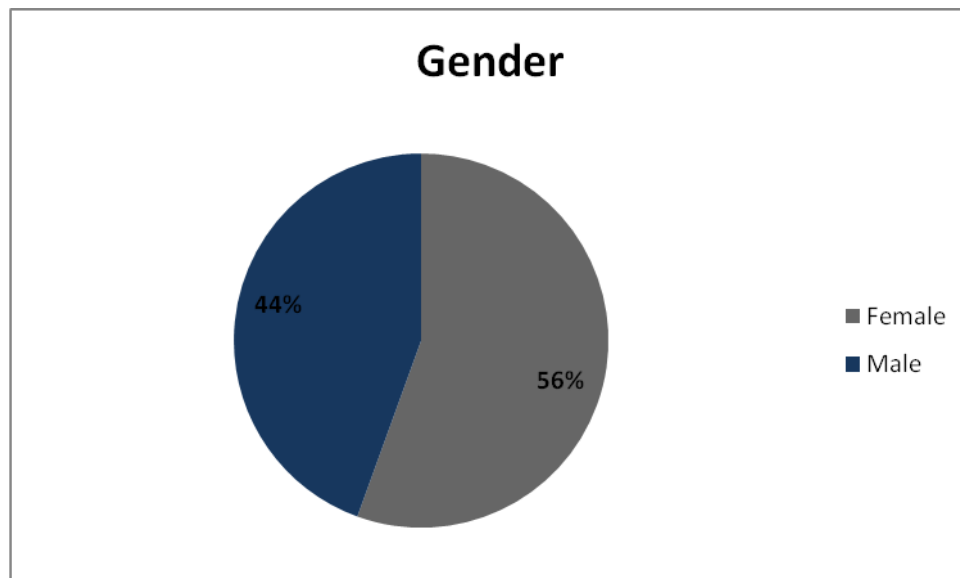


Table 1: Percentage of answers by gender

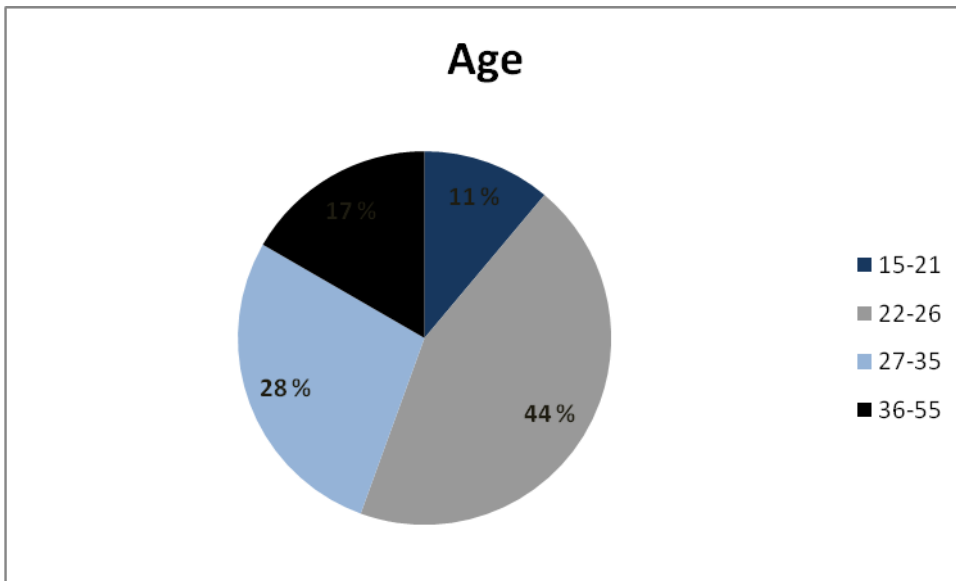


Table 2: Percentage of answers by age

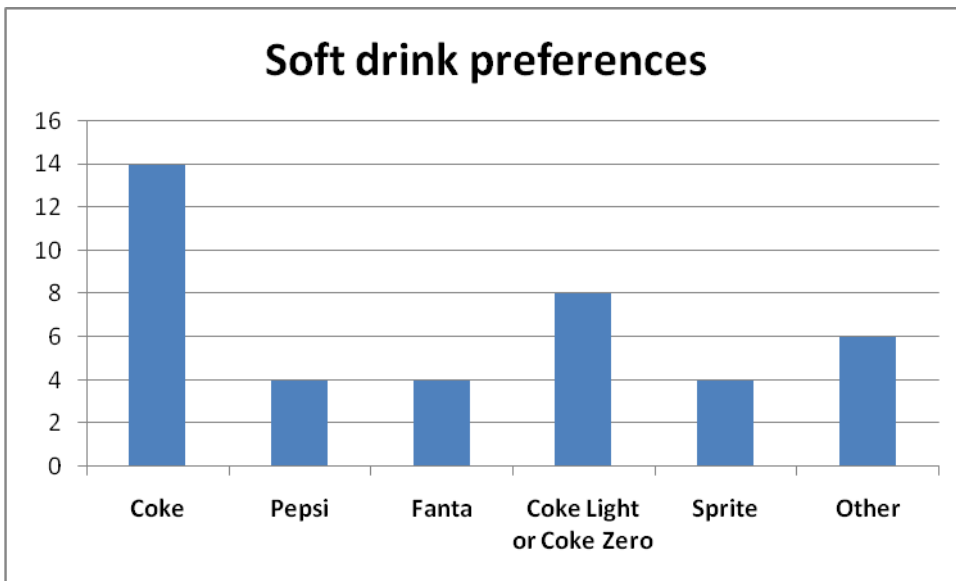


Table 3: Percentage of soft drink preference answers

The most consumed soft drink among the replies was regular Coca Cola and surprisingly the second most popular was Coke Light and Coke Zero- sugar free drinks.

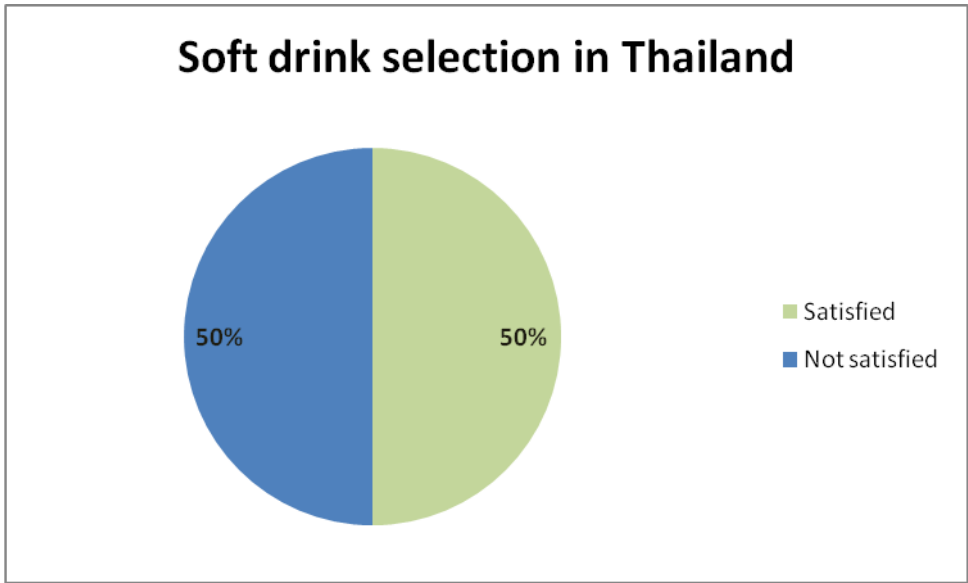


Table 4: Percentage of satisfaction in soft drink selection in Thailand

Half of the people who answered are satisfied with the selection of soft drinks in Thailand, where as exactly half would like to have more selection to chose from.

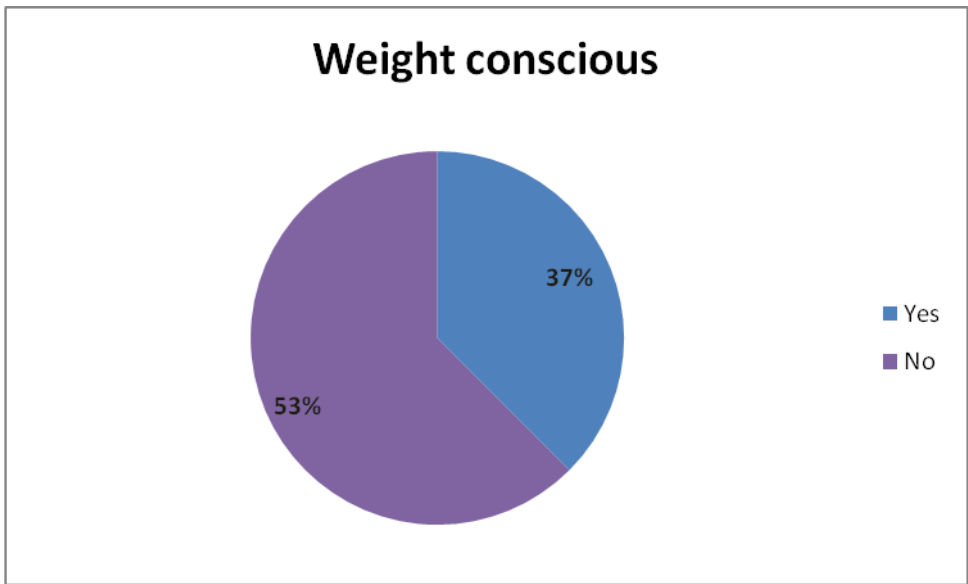


Table 5: Percentage of weight concious answers

37% of the people who answered confessed to be atleast somewhat weight concious. 53% answered that they do not pay much attention to their weight. Despite the fact that the research showed that there were a majority of non-weightconcious consumers, Coke Light and Coke Zero were the second most popular soft drink among the questionnaire replies. This shows that weight conciousness isn't the only factor which makes consumers prefer the sugar free version.

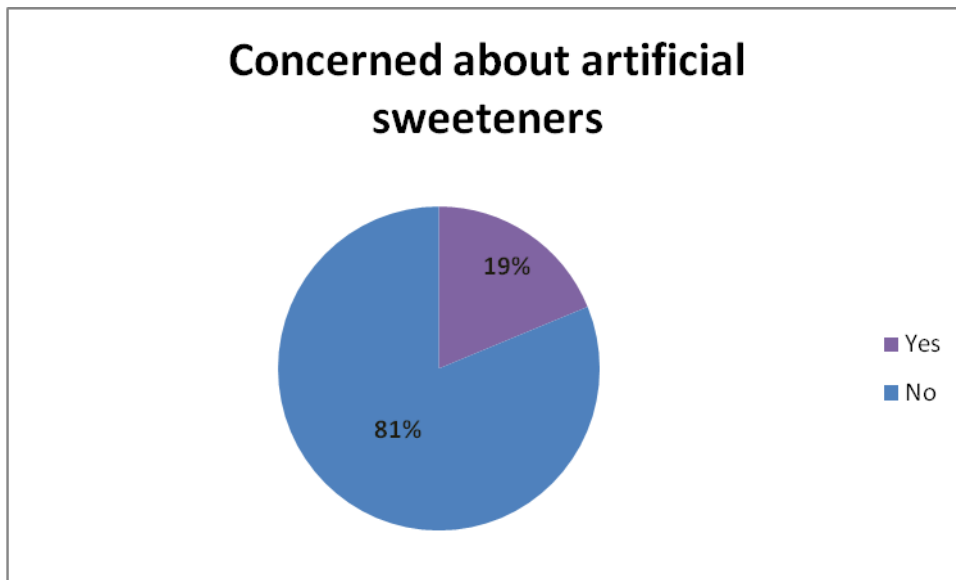


Table 6: Percentage of answers of concerned in artificial sweeteners

Despite the negative media attention artificial sweeteners have received in Asia in the recent years, only 19% expressed their concern about the artificial sweeteners negative health impact.

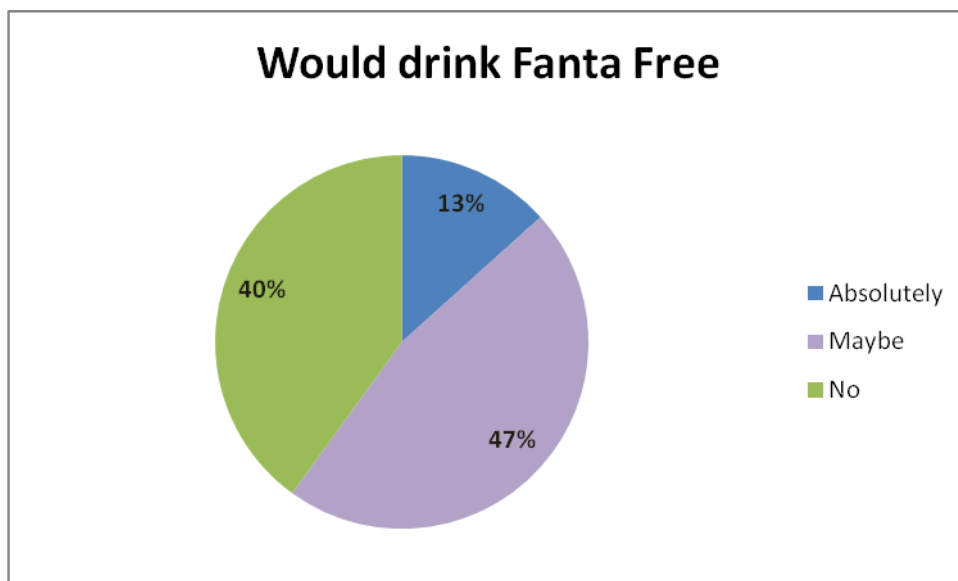


Table 7: Percentage of answers in willingness to try Fanta Free

Out of all the answers 13% were definitely eager to try the new sugar free Fanta, 47% might be interested and 40% answered they have no interest at this time to try the Fanta Free drink.

8. Conclusion

The continuously changing business world requires companies to stay a step ahead in order to succeed. The consumers know now, better than ever before, that they can get what they want. The consumer preferences are evolving with time and trends. There is also an endless variety of products and services to attract the conscious consumers. Products that we never thought we needed are now available right in the reach of our hands. The few choices of soft drinks we had before in the store refrigerator has now turned into an entire isle of colorful tempting selection of most exotic and fascinating flavor experiences. Additionally consumers are more demanding than ever.

Asian markets expected to achieve the highest growth rate in the next 5 years are Pakistan, India, Indonesia, China and Vietnam, all developing Asian countries with large consumer populations. The list includes three of the most highly populated countries in the world, and also reinforces the mass market advantages, both in marketing channels and manufacturing, for the industry in Asia.

The Asians have more and more money to invest in free time- cinema, theatrical plays, sport activities and night entertainments. This means an increase of demand in refreshment market also. Tapping this potential requires both a product range adapted to the Asian habits and taste preferences and the right marketing techniques. The biggest, most successful companies know that customers are the one in charge.

Health consciousness continues to be an important trend in Thailand. Growing awareness of such issues has spurred major players to develop more healthy drinks. Thai Pure Drinks Ltd launched Coca-Cola Zero in Thailand during 2007 and followed it up with an aggressive marketing campaign in 2008. Meanwhile, fruit and vegetable juice using super-fruits such as pomegranate and yumberry continued to pique consumer interest. RDT (*ready-to-drink*) green tea saw the infusion of herbs, giving it an even healthier image. However, soft drinks manufacturers are not content to simply market these products on the basis of their functional benefits but are also using emotional appeal to promote them in a more effective manner. Healthy drinks that have benefited from this trend include still bottled water, fruit/vegetable juice, RTD teas as well as low calorie carbonates. (www.euromonitor.com)

Coca-Cola USA recently announced it had achieved growth in volume and value share worldwide in non-alcoholic ready-to-drink beverages for the eighth consecutive quarter. The Pacific region, including Thailand, showed particularly strong growth. This and many other research results show that launching a new sugar free soft drink in Thailand could be a great success. The questionnaire results show that there is definitive interest towards the sugar free, healthier version of Fanta. The experts also think there might be a potential market for the drink, but if that market is large enough just yet, despite the growing interest and demand towards healthier drinks, the experts are not sure.

Despite the current challenging economic conditions Coca Cola Thailand Ltd has provided positive results in 2009 and the market growth and sales are steadily increasing. The increase in sugar prices has forced the company to increase the price of soft drinks globally except in Thailand where the

government regulates the prices of grocery products and has not agreed to increase the price of Coca Cola drinks in Thailand. However if the price increase occurs, it just increases the opportunity of the sugar free drink market in the country.

The company's volume results also underscore the continued efforts of the company's system to deliver their consumers the right brand, in the right pack, at the right price, in the right channel, for any consumption occasion. "We can do this because of the strength and alignment we have with our bottling partners across the world." (Muhtar Kent, The Coca-Cola Company, Atlanta Press Release July 2009)

The Coca Cola Company was one of the first companies ever to recognize the importance of advertising. Globally, The Coca Cola Company has 19 million consumers, of which over 40% are under the age of 25. For a company to succeed in the increasing competitive market of sparkling beverages, the company must carefully listen to consumer wants and needs. The marketing campaigns of the soft drink have been an innovative tool to the business world and the slogans and advertisements are printed in the marketing textbooks of every college student. For decades The Coca Cola Company has been refreshing the population of our planet and the strength and innovation of the giant corporation isn't slowing down. With revenue of 19.79 Billion Euros in 2007, we can already predict the future success of 2008-2009, despite the economical situation of the late 2000's. The economic situation might be slowing things down for many companies, but not for The Coca Cola Company- the company sold more than ever before in 2008 with 18,000 servings per second. Coca Cola begun as a fountain beverage in Atlanta, today it's a global phenomenon and it has achieved not only worldwide consumer markets but a place in history.

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Appendix

Appendix 1: Nutrition information of Fanta Free and Fanta Orange Original

Nutrition Facts			
Serving Size: 1 (8 fl oz)			
Amount Per Serving			
Calories	2	Calories from Fat	
% Daily Value*			
Total Fat			
Saturated Fat			
Trans Fat			
Cholesterol			
Sodium	24mg		1%
Total Carbohydrate	0g		0%
Dietary Fiber			
Sugars			
Protein			
Calcium			
* Percent Daily Values are based on a 2,000 Calorie diet. Your daily values may be higher or lower depending on your Calorie needs.			
	Calories:	2,000	2,500
Total Fat	Less than	65g	80g
Sat Fat	Less than	20g	25g
Cholesterol	Less than	300mg	300mg
Sodium	Less than	2,400mg	2,400mg
Total Carbohydrate		300g	375g
Dietary Fiber		25g	30g
*Calories per gram:			
Fat	9	Carbohydrate	4
		Protein	4

Nutrition Facts			
Serving Size: 1 (8 fl oz)			
Amount Per Serving			
Calories	111	Calories from Fat	
% Daily Value*			
Total Fat			
Saturated Fat			
Trans Fat			
Cholesterol			
Sodium	35mg		1%
Total Carbohydrate	35g		12%
Dietary Fiber			
Sugars			
Protein			
Calcium			
* Percent Daily Values are based on a 2,000 Calorie diet. Your daily values may be higher or lower depending on your Calorie needs.			
	Calories:	2,000	2,500
Total Fat	Less than	65g	80g
Sat Fat	Less than	20g	25g
Cholesterol	Less than	300mg	300mg
Sodium	Less than	2,400mg	2,400mg
Total Carbohydrate		300g	375g
Dietary Fiber		25g	30g
*Calories per gram:			
Fat	9	Carbohydrate	4
		Protein	4

Figure 8 and 9: Nutrition Information for Fanta Original and Fanta Free (Source: COHESO-Personal Health Management Tools)

Appendix 2 : Questionnaire

Fanta Light Survey

Questionnaire on sugar free beverage consumption in Thailand

The goal of this survey is to study if there is demand for a sugar-free Fanta (Fanta Light, Fanta Free) in Thailand. Could you please take a moment to answer the following questions? Your cooperation is greatly appreciated, thank you.

Please **circle** your answer:

1. Are you a: Female Male

2. You are: 15-21 22-26 27-35 36-55 years old

3. Do you usually drink:
Coke Pepsi Fanta Coke Light (Coke Zero) Sprite Other

4. Are you satisfied with the selection of soft drinks in Thailand?
Yes; there is enough selection No; I wish I had more options

5. Do you watch your weight or health and choose products with low sugar or low fat content?
Yes No

6. Are you concerned about the artificial sweeteners in light-products such as Coke Light?
Yes No

7. Would you drink a sugar free version on Fanta; Fanta Free (Fanta Light)?
Absolutely Maybe No