

# **DEVELOPING A STRATEGY FOR DISTRIBUTION CHANNEL**

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The Coca-Cola Company's major strength aside from its product features and benefits is the large-scale operation it possesses that is widely distributed across 200 countries worldwide. Because Coca-Cola aims to be the number one when it comes through product choice around the world, the company is very keen in developing its system of distribution to keep satisfying customers. Coca-Cola's distribution channels include vending machines, retail outlets, fountain retailers and wholesalers, and other distribution channels that supply home and immediate consumptions. In fact, 32% of the US gallon sales in 2003 are accounted to fountain retailers such as restaurants and to approximately 640 fountain wholesalers ("Coke", 2008).

To be able to efficiently distribute their products, Coca-Cola employs a strategy pretty much like franchisors do but with a slight variation. Coca-Cola obligates its bottlers to sign a separate contract, the "Bottler's Agreements", that subjects the bottlers to specific terms and conditions which include the allowance to purchase entire requirements of the designated concentrates and syrups from the Coca-Cola Company and its authorized suppliers. This eases the distribution procedure of Coca-Cola by providing the bottlers the ability to manufacture Coca-Cola products (of course meeting the standards of the company) on their own by allowing faster production and distribution to the local sites all around the 200 countries. Simply put, anyone can avail of Coca-Cola products on their local at whim because the production and distribution processes are decentralized as opposed to a centralized process where the main plant distributes every Coca-Cola product all around the globe ("The Coca-Cola", 2008).

Coca-Cola Bottlers developed a number of innovative ways to sell and distribute its products. It has evolved from the usual retail store to putting up Coca-Cola kiosks in

universities, marketplace, and other public places to developing sturdy transport bicycles, mobile mini kiosks, and mobile coolers for street vending. Coca Cola has placed selling depots and integrated kiosks in convenient stores and groceries and generally in areas where market can easily avail of them without the hassle of queuing up in order to saturate the market with the product. This signifies that the distribution and the logistics of the company are so designed to meet the large market it serves. Coca Cola has been very keen in its efforts to develop new ways of attracting customers and at the same time providing them what they need in the most convenient manner. The company aims to reach out to virtually every one in the globe including entrepreneurs and is committed to assist them to move up in the supply chain and expand profitability, which in turn provide Coca Cola the space it needs to put up a fridge or a kiosk for free – a very good thing for Coca Cola (“The Coca Cola”, 2008).

All in all, Coca Cola has a competitive advantage when it comes to its distribution and logistics procedure because the company has been able to mobilize every resource it has to efficiently distribute its products. Coca Cola clearly understands its competitive advantage in being so big whose operations is of worldwide scale and has used it to gain favorable edge in the competition.

The Coca-Cola Company.” January 2008. Accessed on February 14, 2008 from [www.thecoca-colacompany.com](http://www.thecoca-colacompany.com)

“Coke Competitors.” January 2008. Accessed on February 14, 2008 <http://www.killercoke.org/cokecomp.htm>>.