Are All Calories Created Equal?
An Analysis of the Coca-Cola Company’s Communication in the Fight Against Obesity

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TABLE OF CONTENTS

I. CASE STUDY

1. Overview 3-4

2. A Brief History of Coca-Cola 4-6
   2.1 Coca-Cola Company Background 4
   2.2 Corporate Philosophy 4
   2.3 Notable Controversies 5
   2.4 Coca-Cola and Corporate Social Responsibility 6

3. The Obesity Problem 6-8
   3.1 A History of Obesity in America 6
   3.2 Today’s Fight Against Obesity 6-7
   3.3 Obesity and the Soft Drink Industry 7-8
   3.4 Coca-Cola’s Commitment to Fighting Obesity 8

4. Timeline of Coca-Cola’s Commitment to Fighting Obesity 8-10

5. Public Response 10-12
   5.1 Media and Medical Professional Responses 10-11
   5.2 Advocacy Efforts Led by the CSPI 11
   5.3 Balancing a Product of Tradition with Public Health Concerns 12

6. Financial Impact 12-13

7. Summary: Coca-Cola’s Challenge 13

II. APPENDICES 14-16

III. REFERENCES 17-27
I. CASE STUDY

1. Overview

In recent years, obesity has risen to the forefront of American health concerns, leading medical professionals and policy makers to focus on finding ways to reduce the current statistic that two thirds of adults and one third of children in the United States are either overweight or obese. While numerous factors contribute to obesity, leaders such as former New York City Mayor Michael Bloomberg label soft drink consumption a leading cause. According to nutrition professor Barry Popkin, “The biggest single source contributor to child and adult obesity in the USA is sugar-sweetened beverages.” With sugary drinks frequently attacked as a leading contributor to the problem, soft drink sellers face intense scrutiny. Industry leader the Coca-Cola Company knew it had to join the fight against obesity or risk being labeled an apathetic contributor to one of America’s top health concerns.

In January 2013, the Coca-Cola Company finally jumped on the anti-obesity bandwagon when it launched its Coming Together communications campaign, a call for the public to join together in efforts to fight obesity, and also an attempt to inform the public about Coca-Cola’s efforts in corporate social responsibility. The campaign’s message was summed up in a two-minute introductory video, which announced, “Beating obesity will take action by all of us based on one simple, commonsense fact: All calories matter, no matter where they come from, including Coca-Cola and everything else with calories.” Two days later, a video titled “Be OK” launched, this time announcing that a can of Coca-Cola provides “140 happy calories to spend on extra happy activities.”

The media and numerous health professionals immediately spoke out against the campaign, dismissing it as an insincere attempt for Coca-Cola to position itself as a solution to the problem it has played a large role in creating. The Center for Science in the Public Interest (CSPI) led the charge against Coming Together with the release of a negative translation of the two-minute “Coming Together” video and social media posts attacking the campaign. In spite of Coca-Cola’s efforts to steer the conversation toward coming together to fight obesity, most critics have been unable to look past the notion that the campaign is simply a public relations ploy at damage control. Furthermore, some critics say Coming Together is largely an attempt for Coca-Cola to recover from declining soft drink sales, as drinkers turn to alternative beverages such as tea and water.

In spite of links between soft drinks and obesity, Coca-Cola stands by its statement that evidence is lacking to prove its products are connected to the obesity problem. Coming Together continues to communicate the actions Coca-Cola is taking to fight obesity, with low- and no-calorie options in every market, nutrition information on the front of all packages, support of physical activity programs and responsible marketing. More recently, the campaign has focused on addressing concerns about artificial sweeteners, claiming aspartame’s safety has been “supported by more than 200 studies over the last 40 years.”

The Coca-Cola Company faces a public relations challenge similar to one cigarette companies have faced for years. With declining soft drink sales and increased criticism from opinion leaders and consumers, how can a long-established soft drink manufacturer stay relevant without giving up traditions such as the secret formula for one of the world’s favorite beverages? As the campaign continues on a global scale, Coca-Cola struggles to find ways to keep selling its...
most popular brands, Coke and Diet Coke, while also showing concern for the public’s wellbeing.

2. A Brief History of the Coca-Cola Company

2.1 Coca-Cola Company Background

Coca-Cola’s story began in 1886 in Atlanta, the same city it is headquartered in today. Under the leadership of Asa Candler, the soda quickly gained popularity and sales. With advances in bottling capabilities, the product became available away from the soda fountain, and Candler’s focus on intensive marketing continued to propel the company forward. The company joined the New York Stock Exchange (NYSE) in 1919 and currently trades with the symbol KO. Since April 2009, Muhtar Kent has served as company Chairman of the Board and CEO.

Coca-Cola’s marketing messages shifted in the 1970s, positioning the company as a brand associated with friends, fun and overall good times. To address the weight concerns of the day, Coca-Cola introduced Diet Coke in 1982. The product launched with great success, and Diet Coke quickly became the top U.S. diet soft drink. It is now the second most popular U.S. soft drink, ranked only behind regular Coke.

PepsiCo, Coca-Cola’s top competitor, entered the market in 1898 as Pepsi-Cola. Dr Pepper Snapple Group, which has given Coca-Cola distribution rights to its Dr Pepper product, is the third key soft drink company. With 2012 net revenue exceeding $48 billion, the Coca-Cola Company holds the highest market share in the soft drink industry. Today, the company estimates Coca-Cola beverages are served daily to 1.8 billion people around the world and hopes to more than double that number by 2020.

2.2 Corporate Philosophy

The Coca-Cola Company lives up to its name, which translates to “delicious happiness” in Mandarin. The company’s commitment to the happiness of consumers and employees is evident in communication that associates Coca-Cola with happy times. The company’s anti-obesity campaign is consistent with Coca-Cola’s mission “to inspire moments of optimism and happiness,” with its upbeat “Be OK” commercial and images of smiling people drinking Coca-Cola. The company is largely focused on global reach, with a commitment to maximizing profits while also being mindful of responsibility to all stakeholders and the environment. Coca-Cola’s company values include leadership, integrity, accountability, diversity and quality.

Coca-Cola follows a 2020 vision committed to operating with lower costs and higher profits. In the vision, the company expresses the need to live the Coca-Cola brand by inspiring creativity, passion, optimism and fun. Launched in 2009, Coca-Cola’s Live Positively commitment is a key part of this plan. Live Positively is a company-wide commitment to sustainability, with the goal to “try and give back as much as we take—or, where possible, more than we take.” Coca-Cola issues an annual sustainability report to demonstrate its successes with promoting healthy living, marketing responsibly and ensuring product quality.
2.3 Notable Controversies

New Coke Failure (1985)

In an attempt to compete with rising competitor PepsiCo, the Coca-Cola Company released New Coke, a product described by the company chairman as “smoother, rounder yet bolder.” The product was intended to replace the old Coke, with the first formula change in 99 years. In spite of Coca-Cola’s major marketing campaign to promote the product and initial taste tests that suggested the product would be well received, most consumers hated New Coke. Some began to stock up on “old” Coke before it was gone for good, while others filed complaints. Within months, the company was receiving 1,100 more calls per day than before the product launch. Protest groups even formed in efforts to preserve the old formula.

Coca-Cola responded swiftly to consumer complaints. The old Coke, or Coca-Cola classic, returned to shelves just a few months later, but not before thousands of consumers had been outraged. Rather than causing a negative impact for Coca-Cola stock prices, the company saw significant gains in the year that followed the New Coke fiasco. New Coke’s failure demonstrated Coca-Cola’s commitment to meeting consumer demands and swiftly responding to issues.

“Channel Stuffing” Lawsuits (2000-2008)

In October 2000, a lawsuit filed against Coca-Cola accused the company of forcing bottlers in countries outside the U.S. to purchase hundreds of millions of dollars of surplus beverage concentrate in order to make sales seem higher than they actually were. This practice, also called “channel stuffing,” artificially inflates sales to mislead company investors’ understanding of a company’s sales success. Notably, Coca-Cola came under scrutiny for this same issue a few years earlier and settled in 2005 with just a warning. After the initial warning, a U.S. Securities and Exchange Commission (SEC) representative said, “Coca-Cola misled investors by failing to disclose end-of-period practices that impacted the company’s likely future operating results.” In response to the SEC’s findings, Coca-Cola created its Ethics and Compliance Office to discuss concerns about compliance with the company’s Code of Business Conduct, but not before losing trust from its investors. In 2008, Coca-Cola settled the second channel stuffing lawsuit for $137.5 million, stating the settlement was not a confession of guilt, but rather an effort to avoid a drawn out legal battle.

Deceptive Vitaminwater Marketing Lawsuit (2009–)

In January 2009, the Center for Science in the Public Interest (CSPI) and consumers from New York and California filed a lawsuit against Coca-Cola, accusing Coca-Cola’s Vitaminwater of deceptive labeling and marketing. The CSPI asserts the brand’s claims of reducing risk for eye disease and boosting the immune system are misleading. In response, Coca-Cola attorneys said, “No consumer could reasonably be misled into thinking Vitaminwater was a healthy beverage.” A judge denied Coca-Cola’s attempt to have the lawsuit dismissed in 2010, and in July 2013, a federal judge voted to allow the lawsuit to proceed as a class action. Coca-Cola is not the only soft drink company under fire. Similar lawsuits have been filed against PepsiCo and Dr Pepper Snapple Group. With the current focus on beverage nutritional value, it is especially important for Coca-Cola to respond to consumers’ concerns and honestly communicate the value of its products. At this time, the Vitaminwater lawsuit has not been resolved.
2.4 Coca-Cola and Corporate Social Responsibility

The Coca-Cola Company follows a three-part sustainability approach with a focus on the wellbeing of the people who consume its products, the strength of communities where it does business and protection of the environment. Coca-Cola’s actions to preserve the environment include recycling and treating wastewater, fueling delivery trucks with alternative fuels and increasing the use of clean energy. Since 1984, Coca-Cola has given back with The Coca-Cola Foundation, a program that contributes to charitable causes in four key areas: water stewardship, healthy and active lifestyles, community recycling and education. The company’s goal is to donate at least 1 percent of its annual operating income to charitable causes.

While critics claim Coca-Cola’s products contribute to obesity, the company donates millions of dollars to support active, healthy lifestyles and sponsors more than 290 healthy living programs across the world. In 2012 alone, Coca-Cola and the Coca-Cola Foundation donated $15.5 million to U.S. healthy living programs. As part of its commitment to marketing responsibly, Coca-Cola introduced calorie labels to the front of its packaging in 2009. Recently, Coca-Cola has made the commitment not to market to children younger than 12 and not to advertise Coca-Cola beverages to youths in schools, as part of its Global School Beverage Guidelines.

3. The Obesity Problem

3.1 A History of Obesity in America

Obesity is generally defined as having a body mass index (BMI) of 30 or more, with 18.5-24.9 considered normal and healthy. A person’s BMI is calculated by dividing weight in kilograms by height in meters squared. Today, obesity is a leading source of U.S. mortality and healthcare costs. In 1960, only 13.3 percent of Americans were considered obese. Since then, this number has more than doubled (See Exhibit 1). Today, more than 35 percent of adults are obese, and 32 percent of children are either overweight or obese. Studies conducted by researchers at Princeton University suggest the introduction of high fructose corn syrup in the 1970s was a major factor in this jump.

In The Obesity Reality, Naheed Ali, M.D., writes, “Almost all obesity cases have more than one cause,” and lists lifestyle, genetics and medical conditions as top contributors. Medical professionals tend to agree there are many contributors to obesity and say consuming soft drinks falls into the “lifestyle” category of causes. Other lifestyle elements include jobs that require long hours in front of computers and decreasing daily exercise rates. For children, online games and smart devices mean less time spent on recreation that requires physical activity. As physical activity decreases, Americans continue to consume more calories than they burn off—something Coming Together is trying to solve. Finally, with a recent influx of policy changes and anti-obesity campaigns, America’s obesity rate is showing signs of plateauing.

3.2 Today’s Fight Against Obesity

America’s fight to lower obesity rates gained momentum in 2010, when First Lady Michelle Obama began the Let’s Move! campaign in an attempt to solve the obesity problem by helping children get on the path toward healthy futures at a young age. PepsiCo and Coca-Cola
both support Let’s Move! In combination with the launch of the campaign, President Barack Obama created the Task Force on Childhood Obesity to review existing programs and policies related to child nutrition and physical activity, with the goal of developing a national action plan to support the First Lady’s initiative. Enthusiasm from the White House fueled school efforts to fight obesity. With the Healthy Hunger-Free Kids Act of 2010, the federal government issued a list of healthy improvements school meal programs will implement by 2015. The new policies require local educational institutions that participate in the federal school meal program to meet a list of standards that will improve school meal nutritional quality.

During summer 2013, the U.S. Chamber of Commerce Foundation’s Business Civic Leadership Center (BCLC) determined there are 11 major stakeholder groups currently working to prevent obesity in the U.S., including Let’s Move! The BCLC recommended these groups, which largely focus on lowering childhood obesity rates, work together to be more effective in achieving their goals—something Coca-Cola is asking of all stakeholders. If this collaboration occurs, the BCLC expects a dramatic decrease in obesity rates will result over time. In addition, the BCLC suggested beverage companies “entice Americans to buy healthier food options” by changing portion sizes, providing calorie information and offering more low-calorie options. Coca-Cola appears to be on the right track by following these recommendations.

3.3 Obesity and the Soft Drink Industry

Standard soft drink sizes increased from about 6.5 ounces in 1950 to 20 ounces in the 1990s. While the typical non-diet soda contains between 15 and 18 teaspoons of sugar, the American Heart Association recommends women consume no more than six teaspoons of sugar per day and men no more than nine. Calorie-filled soft drinks are not the only drinks under attack. Just like regular soft drinks, diet soft drinks have been linked to obesity and obesity-related health problems. The negative effects from drinking diet soft drinks are due to artificial sweeteners that can slow metabolism, disrupt the body’s natural calorie regulation and make drinkers crave sugary and starchy carbohydrates.

New York has been one of the most active states in promoting lower soft drink consumption to decrease obesity. In 2008, New York Governor David Paterson proposed an 18 percent tax on sugary sodas and juice drinks in an effort to fight obesity and raise funds for health programs, and in 2012, New York City Mayor Michael Bloomberg proposed a plan to ban businesses from selling sugary drinks larger than 16 ounces. While both of these proposals were eventually voted down, they led to widespread conversation and national concern about the negative health consequences of consuming soft drinks.

Although diet drinks are linked to health concerns, soft drink companies have recently been working to provide more low- and no-calorie options and increase consumer awareness of soft drink nutrition facts. In 2006, President Clinton and major soft drink companies, including Coca-Cola, worked with the American Beverage Association to establish national school beverage guidelines by changing offerings in primary and secondary schools. Since then, beverage calories delivered to schools have decreased by 90 percent. Soft drink companies have also been working with government leaders to increase the low- and no-calorie options in vending machines outside of schools. In 2010, PepsiCo distributed a press release announcing the company’s support of Michelle Obama’s Let’s Move! initiative. The announcement also mentioned actions PepsiCo is taking to reduce obesity, including providing calorie information on the front of labels. In Dr Pepper Snapple Group’s 2013 Sustainability Report, the company
Are All Calories Created Equal? An Analysis of the Coca-Cola Company’s Communication in the Fight Against Obesity

mentioned it is “taking action to be part of the solution” by helping consumers balance calories in with calories out. These actions are similar to those of Coca-Cola’s: support of community fitness programs, improved packaging and new low-calorie options.  

3.4 Coca-Cola’s Commitment to Fighting Obesity

The Coca-Cola Company donates millions of dollars to fitness and health programs across the United States. Prior to the launch of its Coming Together campaign, the company already had a variety of initiatives and partnerships in place to support physical fitness in local communities.

Coca-Cola Troops for Fitness recruits returning military veterans to teach fitness classes to families in communities with a need for wellness services.

America Is Your Park is a collaboration with the National Park Foundation, America’s State Parks and National Recreation and Park Association. The program calls Americans to visit parks and vote for their favorite. The top four parks receive grants for park activity areas.

Triple Play. Coca-Cola supports this Boys & Girls Club program that encourages children to eat well and increase their physical activity.

4. Timeline of Coca-Cola’s Commitment to Fighting Obesity

2006 – The Coca-Cola Company and other beverage companies begin providing only low- and no-calorie beverages in schools. By 2010, 90 percent fewer calories were shipped to U.S. schools.

September 2009 – Coca-Cola becomes the first beverage company to commit to providing calorie information on the front of its packaging.

February 2010 – Coca-Cola North America joins Michelle Obama’s obesity initiative with the “Clear on Calories” commitment, a partnership with the American Beverage Association to expand the calorie labeling initiative that began in 2009.

October 8, 2012 – The Coca-Cola Company first uses the “Coming Together” tag on its news feed in an announcement of its new Calories Count™ Vending Program. The program features calorie information on all beverage selections and reminds people “all calories count.”

October 10, 2012 – The Center for Science in the Public Interest (CSPI) releases “The Real Bears,” a video created to address health concerns about sugary beverages. “The Real Bears” tells the story of a family of polar bears constantly faced with marketing messages promoting sugary beverages. As the song “Sugar” by Jason Mraz plays, the bears face health issues such as diabetes, tooth decay and weight gain. Within the first week of its release, the video receives more than 1.3 million views.
October 12, 2012 – After the release of “The Real Bears,” Coca-Cola spokesperson Susan Stribling comments to Advertising Age in an email, “This is irresponsible and the usual grandstanding from CSPI. It won’t help anyone understand energy balance, which is key according to recognized experts who’ve studied this issue – a group that, by default, doesn’t include CSPI. Enough said.”

January 14, 2013 – The Coca-Cola Company launches its global Coming Together campaign in the U.S. in an attempt to fight obesity with the release of “Coming Together,” a two-minute video played on CNN, FOX and MSNBC. The video informs people of the importance of balancing calories in with calories out. In the video, Coca-Cola states the actions it is taking to help decrease calorie consumption, including offering smaller-portioned beverages, placing calorie information on the front of labels and partnering with organizations such as the Boys & Girls Club. At the end of the video, the company calls Americans to come together to fight obesity, saying:

“Beating obesity will take continued action by all of us based on one simple, commonsense fact: All calories count, and if you eat and drink more calories than you burn off, you’ll gain weight. That goes for Coca-Cola and everything else with calories.”

January 16, 2013 – The campaign’s second video, “Be OK,” debuts during American Idol. “Be OK” takes 30 seconds to communicate that a regular can of Coca-Cola has 140 “happy calories” that can be burned off with a combination of activities, including walking the dog, dancing and laughing. The video also reminds consumers calories are optional with Coca-Cola’s diet drinks.

May 7, 2013 – Coca-Cola uses crowdsourcing by asking consumers to email comingtogether@coca-cola.com with everyday ideas for getting active and staying fit. The company also asks consumers to share personal stories about living a “balanced life.”

May 8, 2013 – The Coca-Cola Company announces its “four global commitments to further contribute to healthier, happier, and more active communities:”

1. Offer low-or no-calorie beverages in all markets
2. Provide transparent nutrition information
3. Support physical activity programs in every country where Coca-Cola does business
4. Advertise minimally or not at all to children younger than 12 (See Exhibit 2).

In the announcement, Coca-Cola Chairman and CEO Muhtar Kent says, “We are committed to being part of the solution, working closely with partners from business, government and civil society.”

May 13, 2013 – Coca-Cola USA announces it will be hosting a series of summer “Get the Ball Rolling” events to “celebrate the joy of activity” by giving out soccer balls and activity trackers, encouraging families to get active and visit parks, and driving Coca-Cola Happiness Trucks through towns with a series of fitness events to inspire people to move to the beat of popular music.
May 13-14, 2013 – To combat health concerns about diet soda’s sweeteners, Coca-Cola releases a series of announcements that low- and no-calorie sweeteners are safe and have potential benefit in aiding weight management, stating that consumers’ health concerns are, “often fueled by inaccurate information found on the internet.” The announcements claim the U.S. National Cancer Institute found no scientific evidence that low- and no-calorie sweeteners are linked to cancer and that “independent experts and regulatory authorities” have discovered no supporting evidence that aspartame causes negative health issues such as cancer, seizures and weight gain.

Early August 2013 – Coca-Cola distributes an aspartame fact sheet to bottlers and notes how the sweetener is used in thousands of other products, including gum and pudding.

August 14, 2013 – Coca-Cola begins to run print advertisements that address the safety of low- and no-calorie sweeteners, starting in USA Today in Atlanta. The advertisements state, “Time and again, these low- and no-calorie sweeteners have shown to be safe, high-quality alternatives to sugar (See Exhibit 3).”

5. Public Response

5.1 Media and Medical Professional Responses

In June 2012, a Coca-Cola executive told USA Today, “There is no scientific evidence that connects sugary beverages to obesity.” Media and health professionals were quick to point out that studies from the Yale Rudd Center and the American Heart Association disproved this statement. Within days of the “Coming Together” video launch in early 2013, the media and medical professionals began voicing skepticism about whether the campaign was a true effort for Coca-Cola to work with others to end obesity, or if it was merely an attempt at keeping policymakers from implementing changes that would have a significant impact on soft drink sales.

As many journalists and health experts claim soft drink consumption leads to obesity, Coca-Cola stands by its 2012 statement that there is no evidence to support the fact that soft drinks contribute to obesity. As the “Coming Together” advertisement states, Coca-Cola believes, “All calories count . . . That goes for Coca-Cola and everything else with calories.”

Critics such as New York Times food blogger Mark Bittman argued that, since Coca-Cola has played a role in creating the obesity problem, its efforts to become part of the solution are disingenuous. In a post released one week after “Coming Together” premiered, Bittman wrote:

“The beverage companies see the writing on the wall and will lobby, cajole, beg, plead, propagandize, lie, spend and do anything else they have to do to prevent that regulation, just as the tobacco industries did.”

Nutritionist and blogger Meghan Telpner was in agreement with Bittman when she stated in a blog post, “The cause will never be part of the solution.” Telpner dismissed the entire campaign as an attempt at “health washing,” or promoting a product as healthy when it actually is not. Although PepsiCo and the Dr Pepper Snapple Group have also faced criticism for their anti-obesity efforts, with the launch of the Coming Together campaign, Coca-Cola has received the most attention.
When Coca-Cola’s campaign began to focus on promoting the safety of aspartame, a sweetener largely used in products such as Diet Coke and Coke Zero, media outlets proclaimed the ads were an effort to get consumers to buy more diet drinks and boost declining soft drink sales. However, many supported the beverage company’s assertion that aspartame has not been linked to cancer in humans, something many consumers have been concerned about.

5.2 Advocacy Efforts Led by the CSPI

Prior to the Coming Together campaign’s launch, the Center for Science in the Public Interest (CSPI) was leading the charge against Coca-Cola by criticizing the company for contributing to obesity. Once Coming Together launched, the advocacy group became one of the most outspoken groups in criticizing the campaign. On January 25, 2013, CSPI released a translated version of “Coming Together.” The translation uses clips from the original video, with the addition of photos of obese people drinking Coca-Cola and CSPI’s interpretation of Coca-Cola’s message. The CSPI translates Coca-Cola’s original statement, “If you eat and drink more calories than you burn off, you’ll gain weight,” to the following:

TRANSLATION:
If you gain weight, remember it’s YOUR fault and not ours.

The CSPI tweeted its distaste for Coca-Cola’s new campaign and counteracted it with statements from CSPI Executive Director Michael Jacobson. In a statement released January 14, 2013, Jacobson said, “This new advertising campaign is just a damage control exercise, and not a meaningful contribution toward addressing obesity.” He went on to say that the entire soft drink industry is attempting to stall “sensible” policymaker attempts at reducing the consumption of sugary beverages. When Coca-Cola released its advertisements promoting aspartame’s safety, the CSPI was quick to defend that, while no studies have been able to provide a link between aspartame and cancer in people, studies have found that the artificial sweetener causes cancer in laboratory animals, and that should be enough of a reason for the company to stop using the sweetener.

Contrary to what some may believe, the CSPI is not trying to eliminate Coca-Cola entirely. In an interview with CNN, Jacobson said that, rather than trying to completely eliminate soft drinks from the American diet, CSPI is pushing to see soft drinks consumed the way they were in the 1950s, when people considered them a special treat and drank them in smaller portions. Since then, Coca-Cola has begun to offer smaller portion sizes as part of its global commitment to making communities happier, healthier and more active.
5.3 Balancing a Product of Tradition with Public Health Concerns

As the “Coming Together” video states, the Coca-Cola Company has been bringing people together for a long time. With a history that extends more than 125 years, Coca-Cola is a brand with traditions. Its secret formula, for example, has been guarded since it was introduced in 1886. The failed attempt to introduce New Coke shows consumers are loyal to the traditional Coke recipe. While there are many loyal Coca-Cola drinkers, the public is becoming increasingly concerned with the negative effects these beverages could have on people’s health. Although the company has received criticism for attempts at damage control, failure to do anything would mean ignoring millions of stakeholders. Coca-Cola’s anti-obesity campaign is a sign the company is no longer just the topic of obesity conversations; it is a contributor to both communication and action in stopping obesity.

Coca-Cola is no stranger to adapting to consumers’ needs. Over the years, the company has developed more than 3,500 products that meet various consumer tastes and lifestyles. Coming Together allows Coca-Cola to communicate how it is addressing consumer demands with enhanced nutritional transparency and more low- and no-calorie options. While Coming Together announces what Coca-Cola is doing to fight obesity, the company continues to run its typical types of advertisements that communicate the happiness Coca-Cola brings to drinkers, including Diet Coke commercials featuring popular singer Taylor Swift.

6. Financial Impact

The Coca-Cola Company boasts a 42 percent market share for carbonated soft drinks, the highest of any soft drink company. Products Coke and Diet Coke are also the top-selling U.S. soft drinks. A combination of consumer skepticism about artificial sweeteners and accusations that soft drinks contribute to obesity has lead to declines in industry sales. In 2012, sales for carbonated soft drinks were down 3.4 percent, with diet soft drink sales decreasing at an even faster rate than regular soft drink sales.

Almost a month after Coming Together launched, Coca-Cola announced a 2012 net revenue increase of 3 percent and a fourth quarter revenue increase of 4 percent. In April 2013, Coca-Cola announced a first quarter revenue decline of 1 percent; in July, the company announced a second quarter revenue decline of 3 percent; and in October, Coca-Cola announced a third quarter revenue decline of 3 percent. However, net income in the third quarter still managed to rise by 6 percent, and global volume grew during each quarter. While the sales decline was partially due to consumer health concerns, Coca-Cola’s chief financial officer said much of the decline was due to poor weather conditions in multiple markets, claiming that people drink less soft drinks when the weather is cold and rainy. Competitor PepsiCo reported a 2013 net revenue increase of 2 percent year to date in October, which was largely due to success of its non-soda products. Dr Pepper Snapple reported gains of 1 percent in net sales for the first three quarters.

Coca-Cola’s stock value (KO) was inconsistent throughout 2013, making it hard to determine if Coming Together is having an impact with stockholders. The lowest price per share for 2013 was 36.86 on February 14; the highest was 43.09 on May 16; and the price was 41.36 at the end of December. The inconsistency indicates stockholders may be uncertain whether Coca-Cola’s new campaign will convince consumers to buy more of America’s top-selling beverages. According to Morningstar analyst Tom Mullarkey, “Soda is not doing great overall in
the U.S., but the Coke brand is the leading soda brand, and so the company continues to push it forward.” Coca-Cola’s decreasing revenue and sales for 2013 show the company’s efforts to promote its products as part of a healthy diet—whether with 180 calories or 0—are not yet proving effective for sales. Coca-Cola’s slip from first to third in Interbrand’s “best global brands” rankings reflects Coca-Cola’s loss in sales and reputation.

7. Summary: Coca-Cola’s Challenge

The Coca-Cola Company faces the same challenge as its competitors. As drinkers become increasingly health conscious and aware of what goes into the products they consume, soft drink sales are declining. Although 25 percent of the products Coca-Cola offers are low- or no-calorie beverages, simply offering low-calorie drinks is not enough. Diet soft drinks face as much skepticism from health-conscious consumers as sugary soft drinks receive. If the company wants to revitalize sales, it will have to improve communication to ease consumers’ health concerns.

Coca-Cola’s major challenge is finding a balance between supporting anti-obesity efforts and selling products many claim contribute to the very issue Coca-Cola is taking efforts to eliminate. Because of the associations health experts and journalists make between Coca-Cola products and obesity, many perceive the company’s anti-obesity efforts as disingenuous attempts at damage control to keep sales up. Continuing to engage in discussions about scientific studies and Coca-Cola product nutrition will be essential in ensuring Coca-Cola is perceived as transparent and genuinely concerned in consumers’ wellbeing, rather than simply concerned with profit.

Coca-Cola has taken a step in nutrition transparency by placing calorie values on the front of its packaging. Coca-Cola tells consumers that calories count; however, now that consumers are worried about the amount of sugar and sugar substitutes in their drinks, calorie values may not be transparent enough. Coca-Cola’s informative advertisements about the safety of aspartame are just one step in the right direction of offering consumers more information that is relevant to both Coca-Cola products and today’s health concerns.

The worst response is none at all. By acknowledging the obesity issue and spending millions of dollars on anti-obesity efforts, Coca-Cola is demonstrating corporate social responsibility—if not in its products, then at least in its community involvement. Can Coca-Cola also find ways to give its best-selling soft drinks health benefits consumers seem to desire? What will happen if Coca-Cola continues to support anti-obesity efforts but makes no changes to its core products? Coca-Cola must continue engaging in discussions about obesity and seeking solutions to the obesity problem. The challenge is for Coca-Cola to find a way to be taken seriously as a player in anti-obesity efforts while simultaneously increasing sales and offering consumers the products they love. If Coca-Cola cannot convince consumers of its beverages’ safety, the company may have to act quickly to make significant product changes and communicate those changes to consumers.
II. APPENDICES

Appendix 1

![Obesity Over Time Graph](image)

Appendix 2

Coca-Cola’s Global Commitments to Healthier, Happier, More Active Communities

Appendix 3

Coca-Cola print ad

For over 127 years, people have been coming together over Coca-Cola products to refresh, to celebrate, and to enjoy a moment with something they love. One reason why is that people have always been able to trust the quality of our products and everything that goes into them. That's something that will never change.

But changing with the times and people's tastes is something we've always done. Today, that means offering more great-tasting, low- and no-calorie choices. And while nearly everyone can agree that providing choices to help people manage the calories they take in is a good thing, we understand that some people have questions about the use of low- and no-calorie sweeteners.

Our use of high-quality, low- and no-calorie sweeteners, including aspartame, allows us to give people great-tasting options they can feel good about. Time and again, these low- and no-calorie sweeteners have shown to be safe, high-quality alternatives to sugar. In fact, the safety of aspartame is supported by more than 200 studies over the last 40 years.†

Today, we're proud to offer a wide range of Coca-Cola products that fit different people's lifestyles. Because we believe that when people come together with more choices that are right for them, good things happen.

For more information, including third-party studies on the benefits and safety of low- and no-calorie sweeteners, go to beverageinstitute.org

III. REFERENCES


Are All Calories Created Equal? An Analysis of the Coca-Cola Company’s Communication in the Fight Against Obesity


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