



THE MARKET

Coca-Cola, the world's best-loved brand, most valuable trademark and favourite soft drink, is the number one carbonated soft-drink brand in China. In 2004, it held a 45% share of the cola segment and a 21% national share in the entire carbonated soft drink (CSD) market. Together with allied brands Coke Light, Sprite, Sprite Icy Mint, Fanta and Smart, the Coca-Cola Company holds a commanding 53% market share in the overall CSD market in China.

The Coca-Cola Company is the world's largest beverage company with operations in more than 200 countries. It manufactures, markets and distributes more than 400 brands including non-carbonated beverages such as waters, juices, sports drinks, teas and coffee.

China is now Coca-Cola's fifth largest market. Coca-Cola China has invested more than US\$1.1 billion in the country since 1979. It now employs about 20,000 people, and supports more than 400,000 other jobs within the Coca-Cola system through a network of suppliers, distributors, wholesalers and retailers in nearly every province. It has also become a truly local business. US\$600m worth of ingredients, material and packaging are purchased annually in China. Technology transfer has also contributed immensely to the development of local talent and the local beverage industry.

ACHIEVEMENTS

Coca-Cola has been consistently ranked as the world's best brand, placing Number 1 for four consecutive years in Interbrand's annual ranking of 100 Best Global Brands. In China, it has also been voted as consumers' favourite soft drink brand in an official government survey for eight consecutive years.

HISTORY

Coca-Cola Company has been in China for almost 80 years. Its first bottling plants were set up in Shanghai and Tianjin in 1927, followed by a third plant in Qingdao in 1930.

Coca-Cola was one of the first American consumer product to return to China after relations with America were re-established in 1979, with 2004 marking the 25th anniversary of

that milestone. Coca-Cola China's operations resumed in 1979 with importation of a mere 30,000 cases from Hong Kong to Guangzhou, Beijing and Shanghai. The company has come a long way since then, and has rapidly moved on

increasingly higher standards of excellence. The system ensures that concentrates and syrups lead to finished beverages that are produced and distributed to customers around the globe with impeccable quality and service.



to constructing numerous bottling plants and establishing joint ventures across the country, so that today it boasts of 24 bottling companies and 30 production facilities in China, making it the largest bottling system in the country.

Coca-Cola's philosophy of "Think Global, Act Local" and its vision to evolve into a total beverage company has spurred its development in China to new heights. In addition to global brands Coca-Cola, Sprite, Fanta, Smart and Coca-Cola Light, Coca-Cola currently has 23 brands in its product portfolio in the China market,



*New Chinese Logo
Introduced in January 2003*



Old Chinese Logo

THE PRODUCT

The Coca-Cola Company's primary business consists of manufacturing and selling beverage concentrates and syrups, as well as some finished beverages, to bottling and canning operations, distributors, fountain wholesalers and some fountain retailers. They are authorised to manufacture, distribute and sell the branded products. The Coca-Cola Company and its bottling partners are referred to as "the Coca-Cola system". This century-old alliance is a key strength that enables the execution of business strategies on an extensive scale and at



including several non-carbonated beverages in the water, tea, juice and sports drink categories that have been developed specially to suit the local tastes of the Chinese people. These include herbal tea products in Modern Tea Workshop range, Qoo and Minute Maid juice drinks, Nestea, Tian Yu Di, Sensation and Bing Lu packaged water.



RECENT DEVELOPMENTS

China is one of the most important strategic markets for Coca-Cola and is poised to be its top Asian market within a few years. Coca-Cola is positioned for growth in the country as it seeks to be the leading total beverage company in China. In aligning with global plans, it also seeks to expand its non-carbonated beverages into significant market players while continuing to expand the growth of the carbonated soft drinks. To fuel its expansion, three new bottling plants will be opened soon in Lanzhou, Chongqing and Zhanjiang, making the bottling and distribution infrastructure more effective and pervasive.

In addition, the Coca-Cola Company has established the Asia Pacific Product Research Center in Shanghai to cater to the growing needs and increasingly diverse preferences of consumers in China.

Coca-Cola has also set benchmarks for high-quality soft drinks production in China, introducing state-of-the-art beverage production technology, lifting industry standards and facilitating the modernisation of beverage manufacturing.

PROMOTION

A name search competition for the best Chinese translation of Coca-Cola was held in the 1930s and a Shanghaiese scholar en route to London came up with the perfect translation. The Chinese characters *Ke Kou Ke Le*, meaning "delicious and happy" were an instant hit. Not only did it sound almost phonetically the same as the English name, but its meaning evokes a positive feeling from Chinese consumers. And as Coca-Cola China unveiled its new Chinese logo in 2003, the modern font of the logo made it even more faithful to the original English script, unifying the two typographies while at the same time achieving distinctiveness for the brand in China.

From 2001, Coca-Cola China utilised a unique and creative platform to differentiate itself and connect with consumers during Chinese New Year celebrations. The company created the "Clay Doll", Coca-Cola's own version of the good fortune kids that symbolise wealth, luck and fortune. The good fortune kids are well-known cultural art, commonly used for home decoration,

have adorable and vivacious appearances and are well-liked icons. The Clay Doll Chinese New Year campaign was used across all platforms including television commercials, packaging, merchandising, premium items, print/outdoor display and even on-line promotions. Consumers strongly linked Coca-Cola with the occasion and the Clay Dolls have appeared with the brand every Chinese New Year since their inception four years ago.

To further reinforce the brand's connection with its core youth target, a mega-event for Coca-Cola China was held in June 2004 to unveil the brand's new *Yao Shuang You Zi Ji, Ke-Kou Ke Le* advertising campaign ("Insist on real refreshment, Insist on



your way - Coca-Cola"). This campaign capitalised on the rich dual meaning of the Chinese word *shuang*, which intrinsically refers to the physical refreshment from drinking an ice-cold Coca-Cola but also captures the "emotional refreshment" arising from a sense of personal satisfaction realised when dreams are fulfilled.

The Coca-Cola Company and the Olympic movement share an association spanning 76 years beginning with the company's sponsorship of the 1928 Games. In 2004, Coca-Cola supported Athens Olympics Games coverage in China via a fully-integrated marketing programme consisting of strong above-the-line advertising, commemorative package graphics, high-impact in-store display/merchandising, consumer promotions and sales/trade incentives, PR events,



interactive carnivals that enabled millions of consumers throughout China to experience the thrill of selected Olympic sports or hold an authentic Olympic Torch, and sponsorship of the Beijing leg of the first international Olympic Torch Relay.

The campaign not only boosted sales of Coca-Cola but resulted also in Coke's Olympic Campaign being selected among China's Top 10 Marketing Campaigns for 2004 by a prestigious panel of judges representing advertising practitioners, media and academia.

BRAND VALUES

Coca-Cola is not just about the product, but about the people whose lives are touched. In many places around the world, Coca-Cola is part of and involved in community-building with education and training projects and partnerships with civic organisations. Coca-Cola's impact in China is felt especially with its focus on Project Hope. Since Coca-Cola China became involved in 1993, Project Hope has benefited more than 30,000 students in rural areas studying in 52 Project Hope Schools and using more than 100 libraries. The First Generation Scholarship Program assists more than 1,100 underprivileged students in major universities around the country, most of them the first from their villages to enter universities. The E-learning for Life programme has helped build 30 information technology centres and 50 multimedia centres in rural schools to provide IT training and internet access to

tens of thousands of Chinese students.

Coca-Cola China has also planted one million trees in Beijing as part of capital's environment protection campaign. Coca-Cola is welcomed, trusted and respected, making a difference in the communities it serves.



THINGS YOU DIDN'T KNOW ABOUT COCA-COLA

- It has been reported that the Great Wall of China is the only man-made structure visible from the moon. If you were to stack all the Coke cans drank by Chinese drinkers in the past ten years, you could extend the Great Wall from its current 6,000 kilometres to 22,000 kilometres, enough to cover the entire inland boundary of China so that the whole country can be visible from the moon
- In 1948, Coca-Cola's Shanghai plant became the first plant outside the United States to sell one million cases in a year
- Coca-Cola's logo is written in more than 80 languages
- Every direct employment position created by Coca-Cola China generates 30 indirect jobs in supporting allied industries
- Today, more than one billion servings of Coca-Cola are consumed around the world daily and more than 11,000 people choose Coca-Cola every second