

Coca-Cola

Coca Cola is a large multi-national firm that produces various beverages.

They are a large company that has 700,000 system employees, 130,600 associates that produce and distribute products in 200+ countries around the world. Their stock price is \$41.78 (1338 THB).



Some of their variable costs include raw materials such as sugar, the cans and wages however their fixed costs include, rent of the factory, machinery, advertisement costs and salary.

Examples of economies of Scale that apply to Coca Cola include, purchasing, marketing and risk-bearing. As the Coca Cola Company produces various different beverages they are able to buy products such as cans/bottles in bulks from the suppliers, they are also able to sell in bulk lowering prices for consumers. Coca Cola are also able to market their products on a large scale such as the "share a coke" campaign, and their strong brand image allows them to reel in consumers. Coca Cola are able to take more risks and invest into different markets, as they are able to fall back on their dominant market if they are unsuccessful.

The Coca Cola company hold a large market share and monopolise the beverage market, making it difficult for smaller firms to compete with them (they create barriers to entry) as they do not have the benefit of being such a large company (economies of scale). Coca Cola are able to sell and buy in bulk making products cheaper for a greater quantity. for example a six pack of Coca Cola from a supermarket such as Tesco would be better valued in comparison to a local convenience store. As Coca Cola are a larger firm they have a higher amount of fixed costs than variable costs, as they are able to afford capital, so the cost does not change with output.

Share a
Coke. with...



Within a large company there are several problems with communication this could cause many issues which could potentially delay the production of their products, which would cause a loss. It is also possible that due to issues in communication, consumers may suffer which would reflect badly on the company's brand image and reputation. Another diseconomy of scale would be that people who are at the bottom of the workforce might feel insignificant causing a lack of motivation to produce the highest quality of products, which may damage the brand image of the company.

