

# Coca-Cola Brand Supply Chain Management

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1. How does the company manage its supply chain network including suppliers, distributors, and customers?

Supply chain management is a growing strategic business management concept. In this regard, the concept has grown in popularity due to the established significant role played by supply chain stakeholders such as suppliers, distributors and consumers in an organizational success. Therefore, organizations have resulted to the use of efficient supply chain management practices as a form of sustainable competitive edge. This term paper reviews the case of supply chain management in Coca-Cola Company, a global soft drinks manufacturer and distributor. In particular, the term paper focuses on the production, distribution and selling of the Coca-Cola product brand.

2. How does the company manage its suppliers in terms of sizes, numbers, locations, negotiation power, and strategic planning?

The organization has developed a wide supplier base for its Coca-Cola brand raw materials supply. In this case, the organizations embraced the supplier diversity program. Through this program, it achieved supply chain supplier diversity on a multi-layered scale. On one hand, through its supplier diversity mentoring program for both its first and second tier suppliers, the company achieved an increased supplier base, resulting to the development and recruitment of new organizational suppliers. Through the program, a range of suppliers both in number and in sizes are recruited ("Coca-Cola Company", 2014). Further, through its alliances and partnerships with market stakeholders such as the National minority supplier development council and the national association of women business owners, the organization expanded its supplier base diversity through the inclusion of the minority groups. With regards to its negotiation with suppliers, the organization, in dealing with its Coca-Cola brand raw materials suppliers, the organizations seek to develop and increase the suppliers negotiating power as an empowerment approach for quality enhancement.

This can be evidenced in the organizational supply chain management initiative dubbed project nurture under the Techserve NGO. The program seeks to nurture and develop the capacity of African farmers in the East African region covering nations such as Uganda and Kenyan mango and passion farmers. Finally, a review of the organizational supplier management strategic planning, the organization has developed a strategic suppliers management framework ("Coca-Cola Company", 2014). It is based on this framework that supplier selection, appraisal, development and contracts termination are made. The strategic plan incorporates milestones through which the organizational suppliers management systems seek to accomplish in a bid to increase the overall organizational management success.

3. How does the company manage its distributors in terms of sizes, numbers, locations, negotiation power and strategic planning?

The Coca-Cola Company distribution chain is a unique system in the beverage market. The adoption of this unique distribution system incorporates one among the factors for the organizational continued success in the industry. Besides manufacturing the Coca-Cola brand soft drink, the organization distributes it to the respective international markets. In this regard, it adopts two distribution approaches. On one hand, it relies on the organizational internal logistics systems and infrastructure to transport the brand to its market centers. On the other hand, due to increase distribution needs the organization contracts third party distributors who transport the products on a contractual basis ("Coca-Cola Company", 2014). Therefore, based on this analysis, it is rational to conclude that the organization has a low distribution base with a majority of the distribution outbound transportation tasks performed by the organizational distribution function. However, the organization has respective bottlers in the respective markets. In order to boost competitiveness into the venture as well as provide profitability opportunities, the organization allows the distributors respective market territories. In such areas, the distributors manufacture the bottling products, package the Coca-Cola brand and distribute it in the respective local markets.

The development and establishment of the bottlers territories, empowers them. As such, they have an increased influence in the organizational supply chain decision representing a high distributor's negotiation power. Moreover, the organization has developed an approach through which the distributors and bottlers relay market feedback and response to the organization. In this regard, they are involved in market survey analysis in a bid to develop appropriate future market fit supply and distribution management strategies. An example can be evidenced in the reversion of product warehousing service function from the organization to the bottlers upon market flexibility needs increase.

4. How does its supply chain react to customers' orders and satisfaction?

The Coca-Cola Company employs the real time order processing approach. In this regard, the consumers, place their orders with the respective bottlers in the established geographical territories. In turn, the bottlers review their warehouse stock balances to establish if they meet the raised order demand needs. If the orders exceed existing warehouse

levels, the bottlers raise the orders with the manufacturing Coca-Cola partners such as the Great Plain Company in Northern America. In this regard, the organizations established an electronic real time ordering platform (“Coca-Cola Company”, 2014). In this case, the ordering system automatically raises an order to the producer upon the attainment of a pre determined ordering level in the respective distributors across the world. Through this approach, the organization ensures that the brand distributors can track the order processing process and stages upon raising the order. As such, communication is developed. Consequently, the organizational bottlers track and anticipate any order delays well in advance enhancing increased accountability and development of alternative delivery strategies to counter the expected delays. In essence, the adoption of this system in the organizational ordering process has significantly reduced the order processing time. Traditionally, harmonization of bottlers’ orders to allow for bulk production was a challenge to the organizational production function. However, electronic ordering systems establishment aggregates the orders based on their urgency, quantity and location. Therefore, bulk is not only achieved in processing the consumers orders but also in distributing them through aggregation of related orders or those emanating from the same or near geographical regions.

5. Do they use Push or Pull based for its production?

The organization established the Just –in –time (JIT) inventory management system as a way to control and enhance response to its consumer base. Through this approach, the organization relied on the production of goods and services as and when required. Rich (2010). Stated that through a JIT inventory management system, organizations seek to retain and possess a minimal stock level possible. However, minimal stock levels in organizations vary and are often classified as the optimal level that enables the respective organizations meet their market demand at significantly reduced inventory and stock holding costs. Therefore, the JIT inventory management system is founded on the principles of balancing between organizational products demand supply as well as inventory holding costs.

The Coca-Cola Company, in its distribution of the Coca-Cola brand, employs the JIT production system. In this regard, production and manufacture of the soft drink is based on available consumer demand from the distributors. In this regard, the organization produces almost to order with a limited buffer stock for unexpected demand changes. The JIT inventory management system coincides with the pull demand production approach. Under this approach, instead of producing goods, storing them in the warehouse and conducting promotional activities to boost their sales, the organization adopts a reverse of this process. It starts with marketing, promotional and branding activities for its Coca-Cola brand. Once a market awareness and need is established and orders placed, the organization manufactures the products meeting these orders. Therefore, based on this analysis, it is apparent that the Coca-Cola Company, in producing the Coca-Cola brand, adopts the pull demand market strategy.

Conclusion

In summary, this term paper evaluates the Coca-Cola brand, a product of the Coca-Cola Company’s supply chain management. In this regard, the paper evaluates the brand supplier management system establishing that it incorporates supplier diversity and appraisal systems. Moreover, the review establishes that the brand utilizes bottlers in its distribution who have respective geographical distribution strategies. Further, the paper establishes that the brand utilizes a real time ordering system that links the organizational manufacturing plants with the respective regional distributors and bottlers. Finally, the review establishes that the brand relies on a pull demand marketing strategy, where production is based on existing consumer base demand for the product.

References

Coca-Cola Company. (2014). All Brands: Coca-Cola. Retrieved from < <http://www.coca-cola.co.uk/brands/coca-cola.html> >

Rich, J. S. (2010). Cornerstones of financial & managerial accounting: Current trends update. Mason, OH: South-Western/Cengage Learning