



EMBRACING DISRUPTION: HOW TO REMODEL A LEGACY BRAND TO THRIVE

PRESENTED BY:

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The Coca-Cola Company

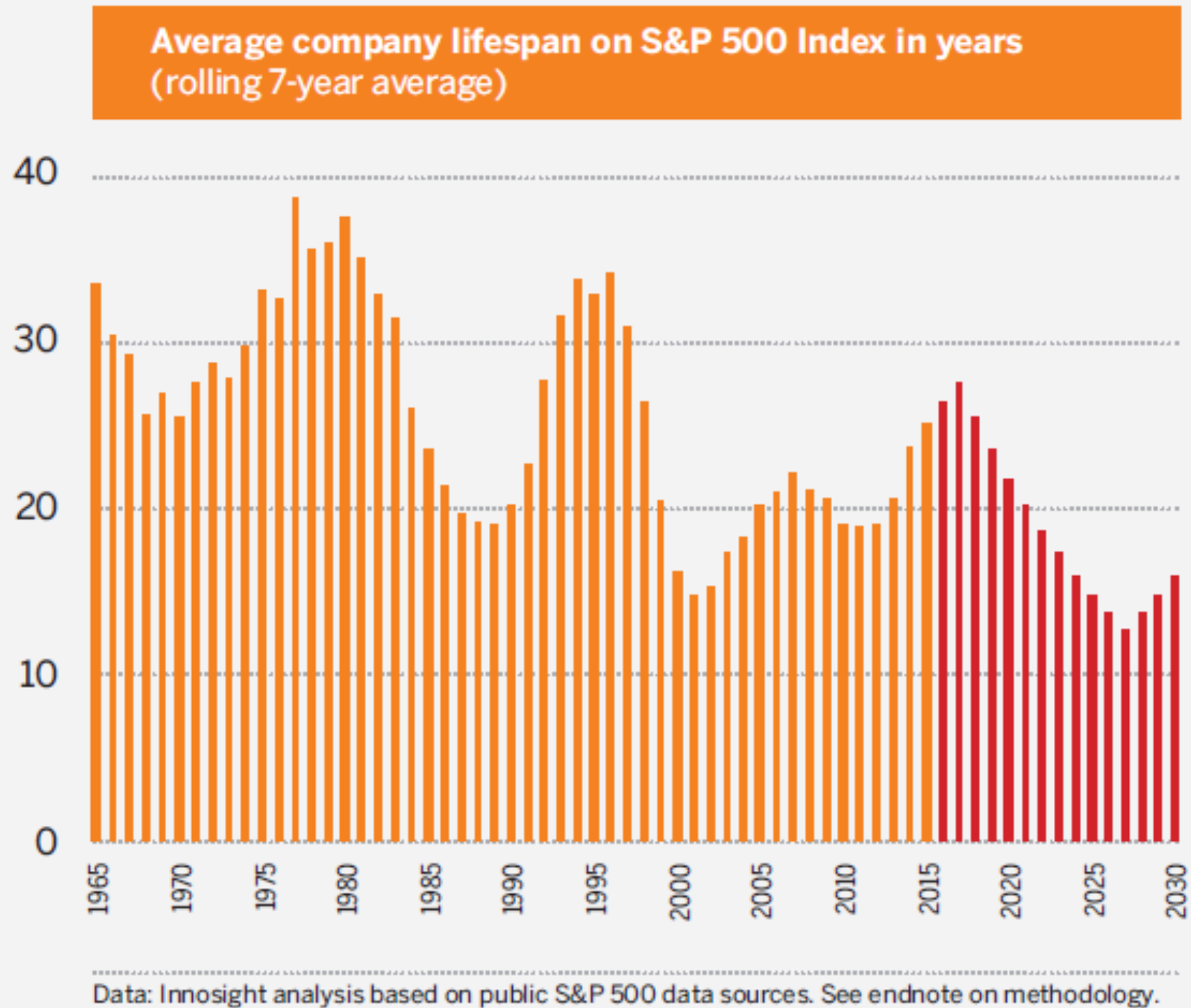
VIDEO: CHAOTIC WORLD



FROM 1960 TO 2000, 4 OF THE TOP 10 LARGEST COMPANIES ON S&P 500 HELD CONSTANT

RANK	1960	1980	2000	2010	Current
1	General Motors	Exxon Mobil	General Motors	Exxon Mobil	Wal-Mart
2	Exxon Mobil	General Motors	Wal-Mart	Apple	Berkshire Hathaway
3	Ford Motor	Mobil	Exxon Mobil	Microsoft	Apple
4	General Electric	Ford Motor	Ford Motor	Berkshire Hathaway	Exxon Mobil
5	U.S. Steel	Texaco	General Electric	General Electric	McKesson
6	Mobil	ChevronTexaco	IBM	Wal-Mart	United Health Group
7	Gulf Oil	Gulf Oil	Citigroup	Google	CVS Health
8	Texaco	IBM	AT&T	Chevron	General Motors
9	Chrysler	General Electric	Altria Group	IBM	AT&T
10	Esmark	Amoco	Boeing	Procter & Gamble	Ford Motor

HOWEVER, AVERAGE TIME SPENT ON S&P 500 IS DECREASING



THERE IS FASTER CHURN, IN S&P AND SUSTAINABLE LEADERSHIP IS DECREASING

Table 1: S&P 500 Churn Over the Past Six Years

Sample companies that have exited and entered the index

EXITED THE S&P 500	ENTERED THE S&P 500
Family Dollar	Dollar General
Eastman Kodak	Facebook
Covidien	Regeneron
Computer Sciences Corp.	Accenture
Abercrombie & Fitch	Fossil Inc.
Sprint	Level 3 Communications
International Game Tech	Activision Blizzard
J.C. Penney	Trip Advisor
National Semiconductor	PayPal
Safeway	Universal Health Services
H.J. Heinz	Altera
US Steel	Under Armour
Radio Shack	Illumina
Dell Computer	Seagate Technology
Avon	NRG Energy
The New York Times	Netflix

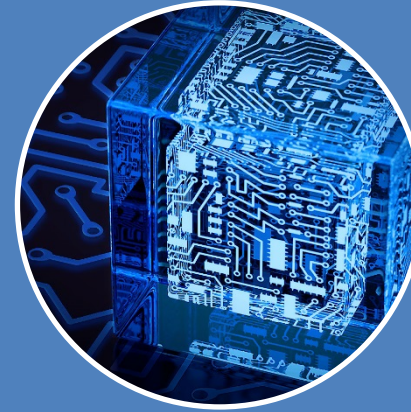
4 MEGATRENDS CONTRIBUTE TO HIGH PACE OF MARKETPLACE CHANGE



CONNECTED
CONSUMER



GLOBAL ECONOMIC
INTEGRATION



EXPLOSION OF DATA
& EVOLUTION OF
INFORMATION



DISINTERMEDIATION
OF INDUSTRIES




ONE EXPLANATION FOR THE MOVEMENT IN & OUT OF THE FORTUNE 500



DIGITIZATION IS AFFECTING ALL INDUSTRIES, AT VARYING PACE OF CHANGE





McKinsey Global Institute industry digitization index; 2015 or latest available data

Relatively low digitization  Relatively high digitization

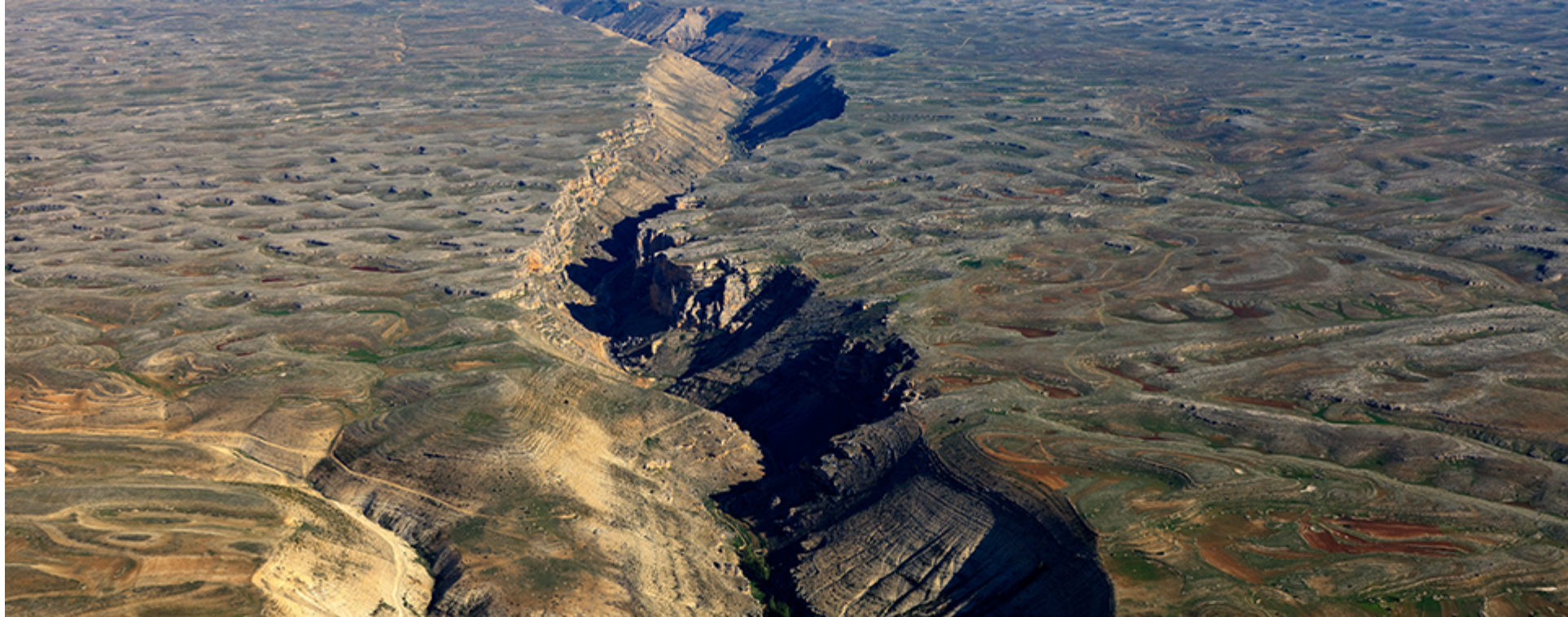
● Digital leaders within relatively undigitized sectors



4TH REVOLUTION HAS DISRUPTED KEY INDUSTRIES IN PROFOUND WAYS

The most popular media owner creates no content	The world's largest taxi company has no fleet	The world's largest hotel chain owns no real estate	The most valuable retailer has no inventory
			

DETERMINING 'FAULT LINES' IN THE MARKETPLACE IS MORE CRITICAL THAN EVER



**① EVOLVING
CUSTOMER NEEDS**

**② PERFORMANCE
METRICS**

**③ INDUSTRY
POSITION**

**④ BUSINESS
MODEL**

**⑤ TALENT &
CAPABILITIES**

POP QUIZ

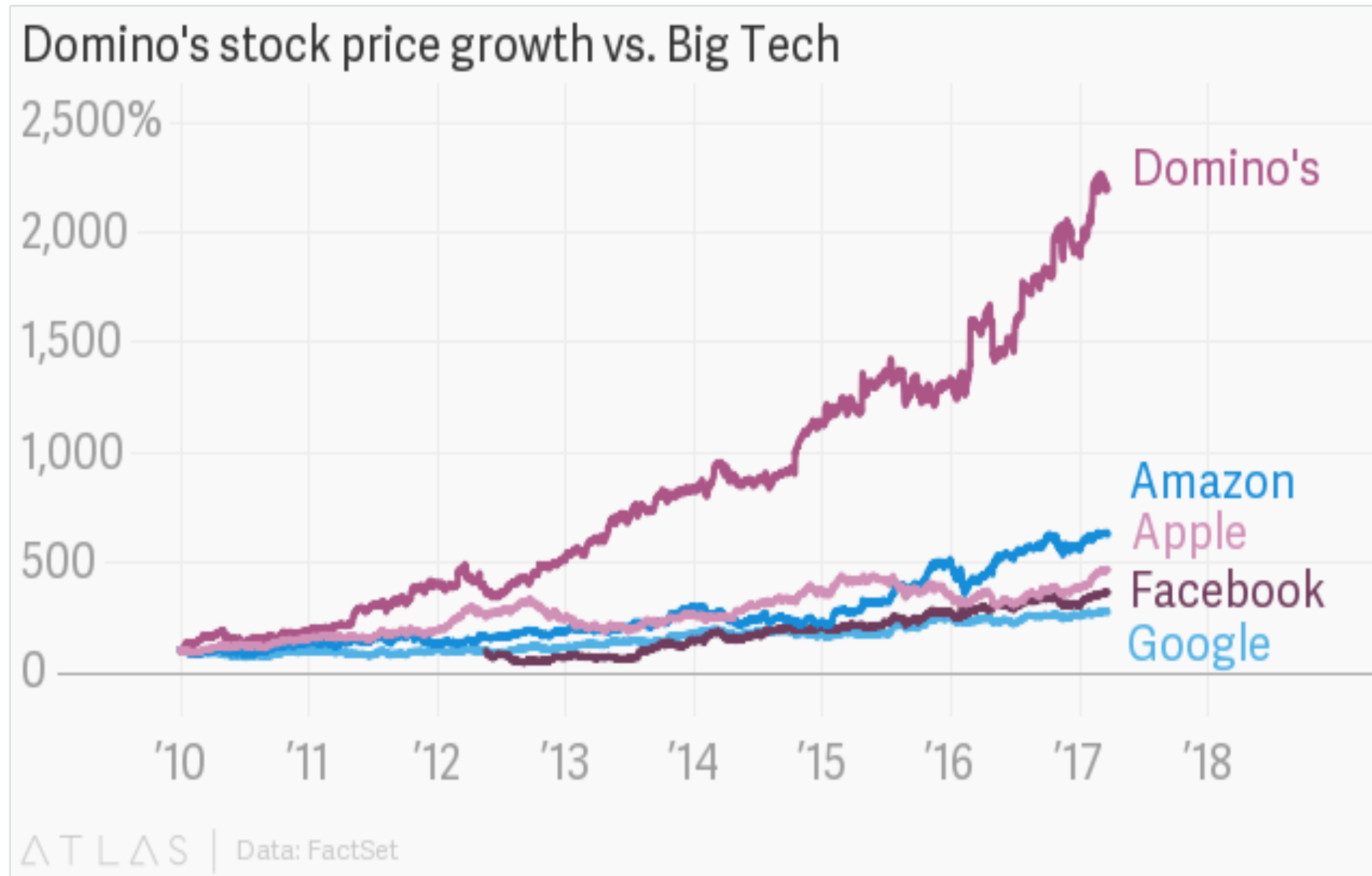


If you had a goal of maximizing returns, which stock would you have invested in January 2010?

- a) Apple
- b) Google
- c) Netflix
- d) Tesla
- e) Amazon

☒ f) Domino's Pizza

DOMINO'S PIZZA REINVENTION

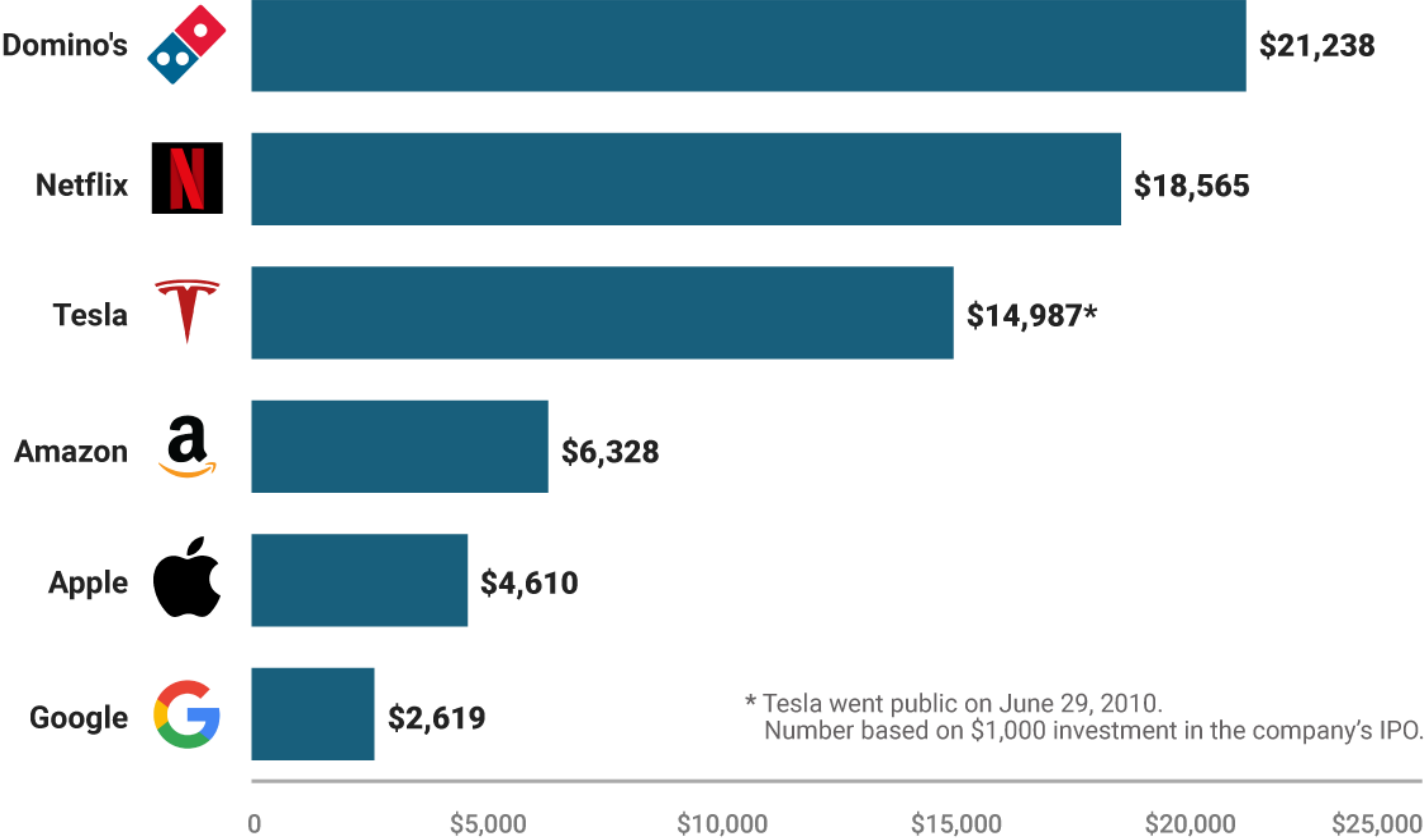


DOMINO'S PIZZA REINVENTION

TECH CHART OF THE DAY

PRESENT VALUE OF \$1,000 INVESTED IN JANUARY 2010

Present value as of March 23, 2017; adjusted for splits and dividends.



SOURCES: Statista, Yahoo Finance

statista | BUSINESS INSIDER

Domino's transformed through:

- 1 New **PIZZA RECIPE**
- 2 **CAMPAIGN TO APOLOGIZE FOR FOOD** + announce new recipe
- 3 **DIGITAL TRANSFORMATION** & Embrace of technology

OTHER STRATEGIC SHIFTS IN RESPONSE TO FAULT LINES

Finding Stable Ground

When leaders spot fault lines early, they can preempt disruption. Here's how five companies adapted to impending upheaval.

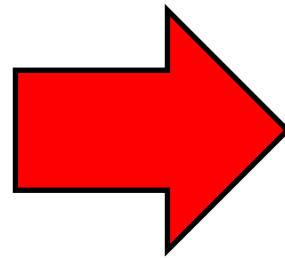
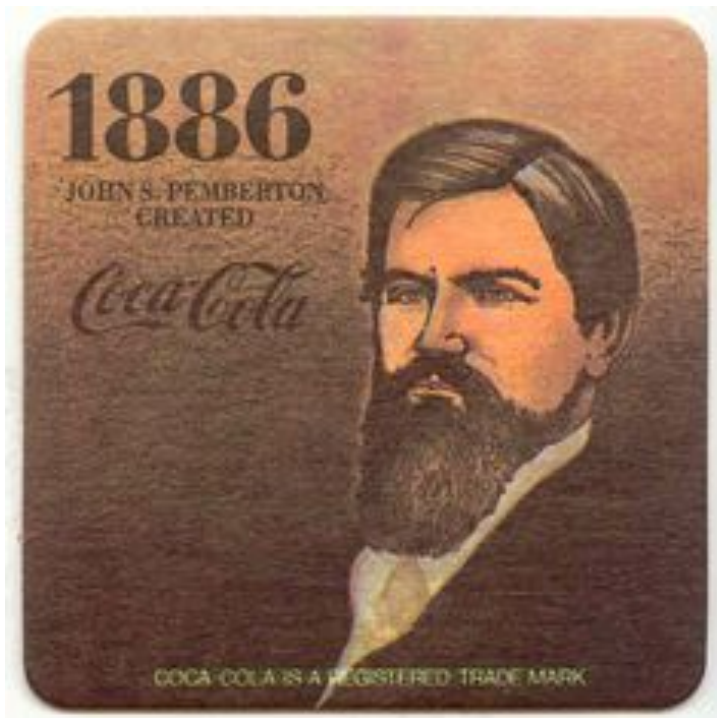
FAULT LINE: COMPANY	CONTEXT	STRATEGIC SHIFT
Customer Needs: Nestlé	In 1997 Nestlé was the world's largest food company. But consumers wanted more-healthy options.	Nestlé transformed itself into an R&D and marketing-driven nutrition, health, and wellness company.
Performance Metrics: Adobe	In 2008 Adobe measured success by how many software packages it licensed, but its customers cared more about web traffic and revenue.	Adobe switched its primary metric of success to subscriptions and renewals for its new cloud-based services.
Industry Position: Xerox	In 2001 the office equipment industry was under siege from Asian competitors and intermediary group-purchasing organizations.	Xerox lessened its dependence on office hardware and began offering business process outsourcing services.
Business Model: Netflix	In the late 2000s streaming content threatened to make Netflix's mail-order DVD rental service obsolete.	Netflix changed emphasis, and by 2013 it became the world's leading streaming-content company.
Talent and Capabilities: Aetna	In 2010 Aetna identified talent as its biggest risk—not just finding people with the right skills but also cultivating employees with the courage to step into something new and uncertain.	Aetna launched an internal start-up in Denver and Silicon Valley—places where it could find employees with the skills and attitude to disrupt its traditional business.

FROM "KNOWING WHEN TO REINVENT," DECEMBER 2015






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COCA-COLA'S HISTORY & LEGACY

FOUNDED IN 1886



CURRENTLY WORLD'S #4 MOST VALUABLE BRAND

	Rank	Brand	Brand Value	1-Yr Value Change	Brand Revenue
	#1	Apple	\$154.1 B	6%	\$233.7 B
	#2	Google	\$82.5 B	26%	\$68.5 B
	#3	Microsoft	\$75.2 B	9%	\$87.6 B
	#4	Coca-Cola	\$58.5 B	4%	\$21.9 B
	#5	Facebook	\$52.6 B	44%	\$17.4 B

COCA-COLA HAS SUCCESSFULLY NAVIGATED SEVERAL PERIODS OF 'FAULT LINES'

- 1886** Company is founded
- LATE 1800s** Transition from Fountain business to bottling business
- 1920s** Package changes coming from competitors copies, to iconic glass bottle
- 1940s-1950s** Internationalization
- 1985** “New Coke” comes out, with revised formula to Coca-Cola Classic
- 2015** World Health Organization calls on countries to reduce sugar intake amongst adults

CURRENTLY, CONSUMER TRENDS & PREFERENCES ARE SHIFTING

Personalization



Control



Sugar



Choice



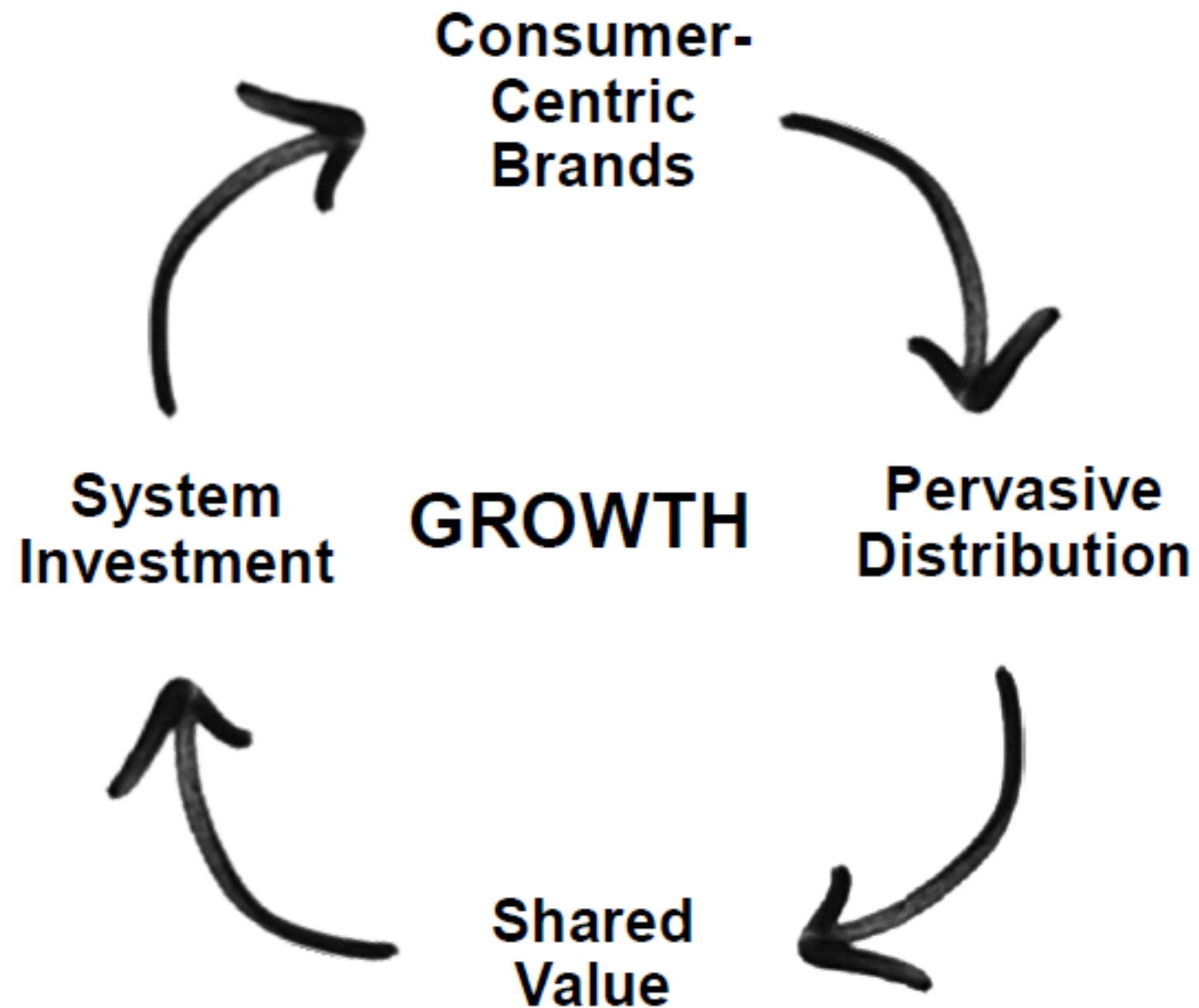
Natural/Artificial



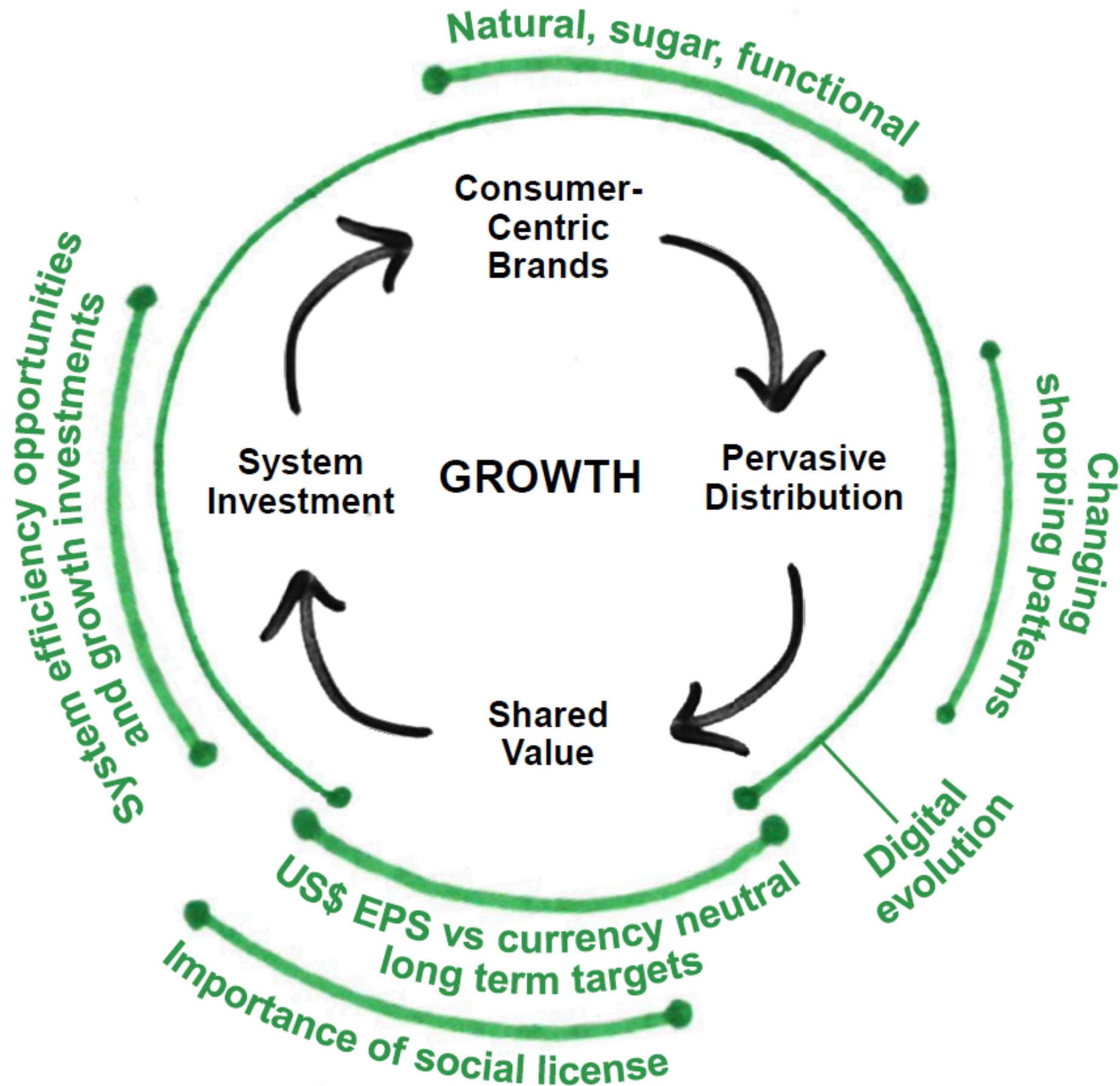
Income Inequality



CHANGE TO COMPANY GROWTH MODEL: OLD GROWTH MODEL

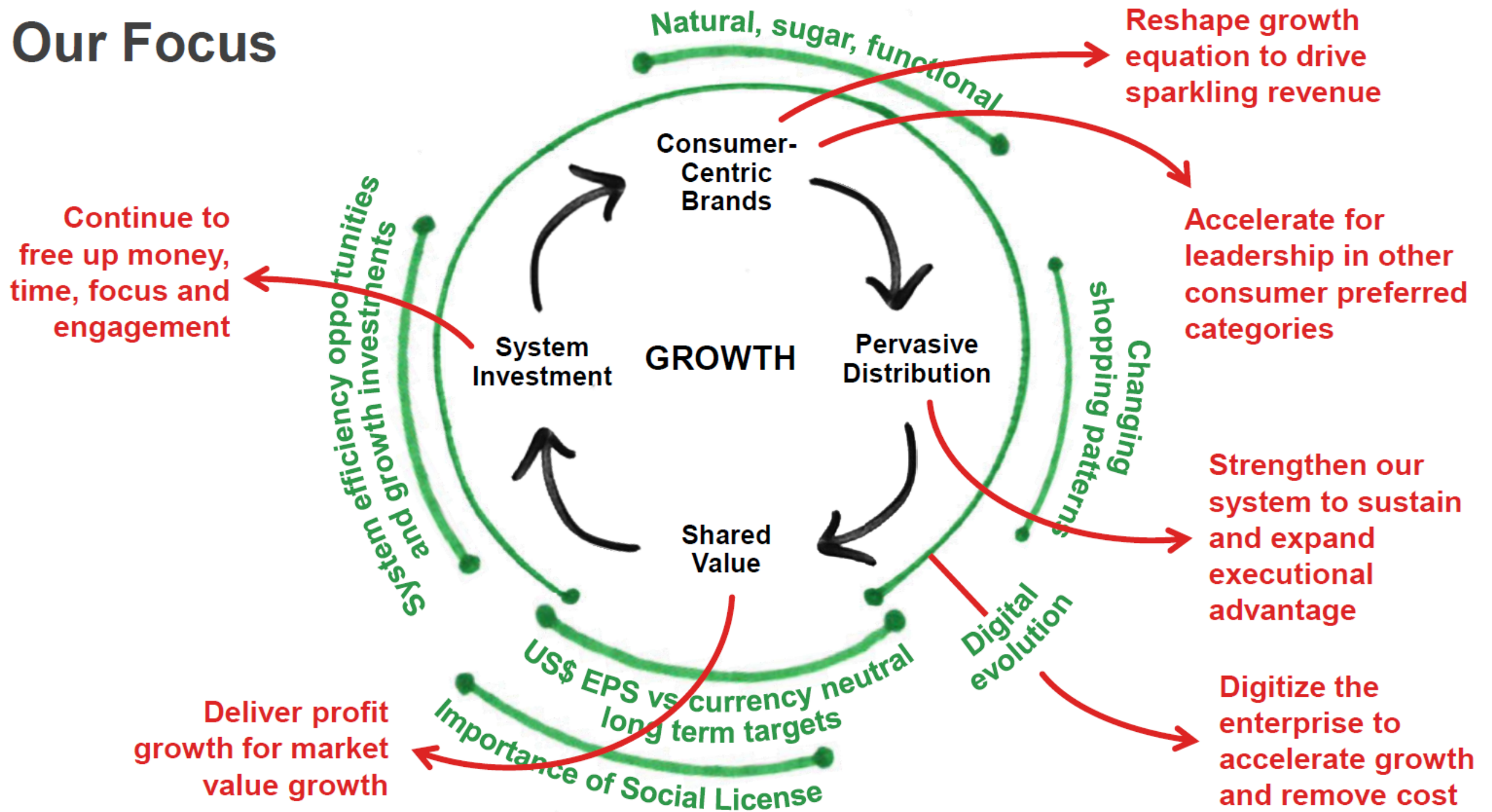


CHANGING LANDSCAPE



NEW GROWTH MODEL

Our Focus



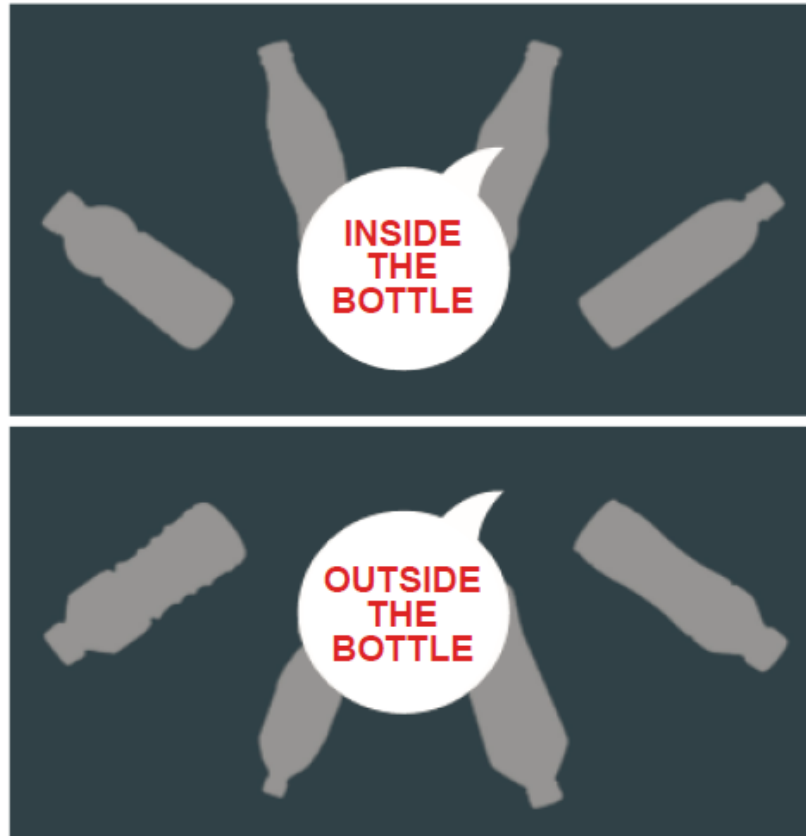
CONSUMER CENTRIC BRAND PORTRFOLIO

We Are Shifting to More of a Category Cluster Model to Drive Growth Across Our Total Portfolio

Consumer-Centric Brand Portfolio



APPROACH TO SUGAR HAS EVOLVED



- Reduce sugar
 - Evolve recipes
 - New and different drinks
-

- Smaller packages
- Accessible information
- No advertising targeted to children under 12

Drive **sustainable, profitable growth** of our brands

Encourage and enable consumers to control their intake of added sugar from beverages

Building Out a Portfolio for Every Moment

**We support
the WHO added
sugar guidelines of
10% limit of total
calorie intake per
day**



**Consumer-
Centric Brand
Portfolio**

Exponential Growth Opportunity Within WHO Guidelines



THE COCA-COLA COMPANY

beverages for life



NEW CURRENCY OF BUSINESS: CULTURE, EXTERNAL FOCUS & SPEED



OBJECTIVE: Create strong sense of ownership, purpose and results orientation through allowing decision rights



OBJECTIVE: Facilitate learning culture and external and partnership mindset by stronger connectivity and ways of working with external entities (consumers, tech firms, startups, etc)



OBJECTIVE: Enable an agile culture that reduces cost of failure and encourages speed, smart risks

QUESTIONS DIGITAL MARKETING LEADERS MUST ASK THEMSELVES

- 1) What will be the fault lines in your business in next 3-5 years?
- 2) Are you able to manage core business of today, while planning ahead to business of tomorrow?
- 3) Are you **CONSTRUCTIVELY IMPATIENT** ?