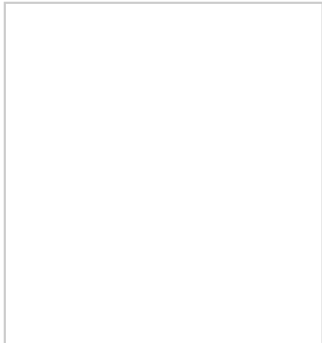


The Real Global Thing!

The Coca-Cola Company



"...all over the world, Coca-Cola has become a contributor to special times in people's lives."
—M. Douglas Ivester, Chairman and CEO, The Coca-Cola Company

In 1997, M. Douglas Ivester became the 10th chairman and chief executive officer in the 112-year history of The Coca-Cola Company. Mr. Ivester has been an architect of significant change for the Company, from dramatic shifts in financial policies to the creation of the anchor bottler network. In 1998, the Company reached the milestone of selling a billion servings of its products every day.

Mr. Ivester recognizes that vast opportunity is still available.

"We're already working on our next billion servings per day... and we don't expect to take 112 years to get there," he stated in the Company's 1997 Annual Report.

A graduate of the University of Georgia, Mr. Ivester joined the Company in 1979. Throughout the early 1980s, he moved through the financial ranks. In 1989, he took on operating responsibility as president of the Company's European Community Group, followed by roles as president of Coca-Cola USA and the North American Business Sector.



Innovations under Mr. Ivester's leadership include the initial public offering that created Coca-Cola Enterprises, entrance into East Germany after the fall of the Berlin Wall, the introduction of the 20-ounce plastic bottle for Coca-Cola and the strengthening of the Company's bottling network.

Mr. Ivester is a member of the Board of Directors of Georgia-Pacific Corporation, the Grocery Manufacturers of America and SunTrust Banks Inc. He is also a member of the Board of Trustees of Morehouse College and Brenau University, and is a former managing trustee of the University of Georgia

Foundation.

By any measure, Coca-Cola is a great global brand. What attributes account for this status and for the intense loyalty of Coca-cola drinkers?

From its inception more than 100 years ago, Coca-Cola has been positioned to contribute to fun times, to making life a little better, a little lighter, a little more enjoyable. And part of the brilliance of that original strategy was to position Coke as more than a soft drink.

For example, a friend of mine, a retired college professor who has worked all over the world, likes to tell the story of how Coca-Cola helped him meet his wife. He saw this pretty lady he wanted to meet, so he bought two Cokes and took one over to her. And that became the defining moment of his life up to then.

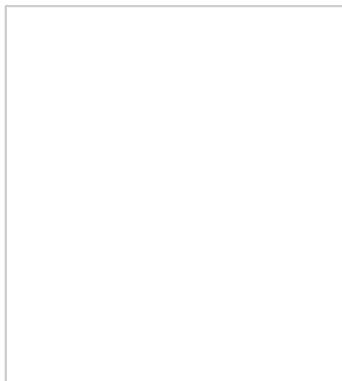
I think almost everybody can remember when they had their first Coke. Not just people in the United States, but people in Tanzania, Nigeria, Beijing, in Tokyo, all over the world. Coca-Cola has become a contributor to special times in people's lives.

You say all over the world, but the Coca-Cola brand name is so intrinsically American. What are the positive results, as well as the negative repercussions of selling a uniquely American identity on the global stage?

What's interesting about your question is that it's from an American point of view. In other places around the world, Coca-Cola is just a part of daily life. Not only do you drink it, but it may be how you make a living. I have an acquaintance in Kenya who started out selling Coca-Cola on a street corner. She went from a small hand-held cooler to a bigger cooler, to a kiosk, to a kiosk with a refrigerator. When I saw her the last time, I gave her a TV set, so now she's sort of a sports bar. She sent me a message not long ago telling me that she had bought her first used car. So Coca-Cola is really part of her life. She doesn't see it as American. It's part of her life in Kenya.

What we have been able to do is capitalize on the heritage that Coca-Cola has had in America in a very special and unique way. One other example is Santa Claus. When our forefather, Mr. Woodruff, hired Haddon Sundblom to portray Santa Claus in Coca-Cola print ads, he created the characterization of Santa Claus that everybody in America recognizes today. So Coca-Cola has become part of Christmas in a very unique way. That means we've been able to capitalize on our heritage, but at the same time do so without making it so American that it turns anybody off elsewhere in the world.

Eighty percent of Coca-Cola's profits come from overseas. How much are cultural differences taken into account in your marketing efforts? Do you project an American identity or do you immerse the Coca-cola brand in language and imagery unique to the locality where you're doing business?



“Rien ne me rafraichît autant que Coca-Cola après l'entraînement.”
—Abdoulaye, Dakar: “Coca-cola cools me down after training when nothing else will.”

We do have a global brand position, which concentrates on making Coke part of good times and more than a soft drink. But we do allow our people, through consumer research, to tailor those local images so that Coca-Cola becomes part of the fabric of a particular society. For example, you know those little Russian dolls that go inside one another? Well, we have little Coke bottles that do the same thing. It's very uniquely Russian, but it was used in a promotion that made Coca-Cola part of that society as well. We also did a five-part series of commercials based on an ancient Russian fable called "The Firebird and the Gray Wolf." The tag line at the end of each commercial says, "Coca-Cola: Drink the Legend." As a result, we were able to associate Coke with this ancient folk tale, and do it in a very modern way so that people could relate to it and feel that Coca-Cola is really authentic in Russian terms. We can do the same in China, in Japan, in Minneapolis and in Vancouver. Coca-Cola is a brand that allows us to tailor it to the fabric of everybody's daily life.

What is Coca-Cola's global brand strategy, and is it intrinsically tied to the company's corporate strategy?

Our corporate strategy is based on opportunity. We know we're in the beverage business. We sell one billion Cokes a day, but we know that people drink 48 billion servings of beverages every day around the world. So in terms of global opportunity we have only a two share of the beverage business. Therefore, we design a business system and a strategy to take advantage of that opportunity. Coca-Cola is the cornerstone of that strategy, because it is the brand that has instant recognition worldwide and allows us to build critical mass from day one. Then you can hang on to local products, if you have them, or to other international brands that would be relevant to consumers.

We want to capitalize on the brand. A brand, after all, is a promise to the consumer. When people around the globe are asked what they think of Coca-Cola the brand, they will tell you that they can always trust Coca-Cola. That's because they know we will live up to the quality standards we promise. So the brand makes certain promises. It promises quality. It promises value. And it promises propriety in the local context.

In economic terms, we also promise jobs, favorable economics, proper retailer margins, and we promise that people can make a living selling Coca-Cola. So there's both the brand promise and the business promise. There are very few companies whose main consumer and brand composition is in fact their company name. Procter & Gamble is a very successful company, but nobody knows what a Procter is or a Gamble is. But the intrinsic connection of our name with our main product in effect blends the promise we make to the consumer with the promise we make on the corporate level as well.

How do you relate that to a product with another name, such as Sprite?

Sprite is an important product that delivers its own brand promise. But that's not connected to the corporate promise. For example, we don't have any Sprite bottling companies around the world. We don't have a Sprite de Mexico, but we do have a Coca-Cola de Mexico. Our additional products are tailored to specific consumer populations. Sprite is certainly one. Fanta is another. If Fanta were a separate company, it would be the third or fourth largest beverage company in the world. But nobody thinks of the Fanta Bottling Co. It's the Coca-Cola Bottling Co.

How do you protect the brand from dilution and damage, particularly since Coca-Cola's presence is so far-flung?

From a marketing perspective, we're very, very careful about what Coca-Cola does and what it doesn't do. For example, somebody offered me the opportunity to put the Coke name on the mat on which a boxing match takes place. I turned it down. It wasn't for us. We also have a very strong legal environment that's very protective of our brand from the legal perspective as well. Most importantly, the responsibility for the stewardship of the brand comes straight up to my desk. It's not something that we delegate lightly.

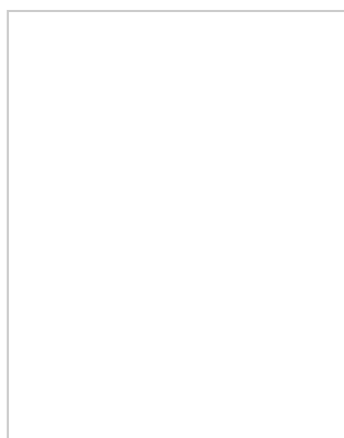
Do you have any problems in that regard internationally?

Not a lot. We're fortunate in that regard because the economics of the soft drink business are driven by scale. A soft drink plant in the Ukraine today may cost 50 to 60 million dollars. You must have a lot of volume in order to operate economically when you build a plant of that magnitude. So it's not subject to knockoffs the way something that has a lower cost of entry might be.

What element of the Coca-Cola brand—the formula, the logo, the contour bottle, the image advertising—is the most important component of the brand's identity?

One thing you should add to that list is quality, because that is an important part of the fabric of the brand as well. We have a saying here, "Everything counts and everything communicates." So I don't think you can separate any of those components. We constantly try to polish and protect each one of them. But the truth is, everything does communicate, everything we do, everything we don't do, everything we say, everything we don't say. And we follow that philosophy with regard to all of those elements.

How about the contour bottle? How does that build awareness of the Coca-Cola brand?



"I love the way the Coca-Cola bottle fits in my hand."
—Bridget, New York

The contour bottle is one of those unique things that symbolize only Coca-Cola. Going back to the original concept, when they had a contest to design the bottle, one of the requirements was that people would have to recognize that it was Coke even in the dark. So you get not only the look you want with this bottle, but you also get the feel. That allows us to have lines like "The feel of refreshment," which has a double or triple meaning. We call it contourizing a market when we go into the marketplace. Several years ago, we put on the cover of our annual report the silhouette of a contour bottle and didn't put the name of our company on it. One of our stockholders wrote to tell me that his four-year-old daughter looked at it and said, "That's a Coca-Cola book." So the bottle gives us instant recognition, and it's backed up by the promises we make.

How important is it for your employees to take personal responsibility for representing and promoting the Coca-Cola brand—in their relations with each other and with the public at large?

I tell all our employees up and down the line that they are the face of the brand. When they smile, Coca-Cola smiles. When they frown, Coca-Cola frowns. And we're constantly reinforcing with each of our employees that they are important to what takes place with the brand, as well as to the image of the company. We try to put the weight of the company and the weight of the trademark on each of our employees. We tell them that when Coca-Cola is put on their business cards, they have a greater duty and higher responsibility than if they carried some other trademark on their cards.

You've said that you prefer that your employees think of themselves as knowledge workers, that their office is the information they carry around with them, supported by technology that allows them to work anywhere. What effect does this philosophy have on the company globally, and on how the brand is perceived?

The result of this thinking is that we have a far more efficient workforce, people who believe they can be effective anywhere they are, with technology systems that are designed to give them the tools they need wherever they are working. So if they're at home, in the workplace, traveling, in a hotel room or in a customer's office somewhere in the world, they're equipped to be as efficient as possible. I think that if we give them the tools and equipment, it gives them the confidence to go out and do a good job. As much as anything, the confidence factor they have in representing the company is one of our key assets.

How much stock do you put in the importance and effectiveness of advertising, public relations, cause marketing and celebrity endorsements?

They're elements. At the World Economic Forum in Davos, Switzerland, earlier this year we had a snow sculpture of a ten-foot-high Coke bottle. It was relevant, it was topical, and it attracted a great deal of attention and coverage. Every TV news crew went to shoot there, or they wanted their newscasts there. We do many other relevant things. We're building schools in China, for example. It's called "Project Hope" and we're building 300 schools in rural areas. It's relevant to the government and it's appropriate to us. These children will have a positive experience with Coca-Cola. They may not buy a Coke themselves until they're 21, but they'll have a memory of Coca-Cola doing something good for them when they were children.

How do you manage a presence in countries undergoing political flux, such as China?

The great thing about our business is something we call the multiplier effect. Our business creates jobs. Every person we employ in a particular country creates seven to ten other jobs there. We've doubled our employment in France in the last ten years. We have more than 2,000 employees in France, so we're responsible for 14,000 to 15,000 more jobs there. So the government sees us as very desirable in terms of our contribution. They also know what we do on the community level, from building schools to supporting the opera or the symphony or whatever the relevant local event may be. So we think we can make it through political turmoil better than most other companies.