



Putra Business School

GSM 5170 Management Information System

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Assignment 3: Chapter 2:

**Case Study 1: COCA COLA IS EVERYTHING: SCM, CRM, ERP, SOCIAL MEDIA. YOU
NAME IT**

Case Study 2: THE BUSINESS OF SOCIAL MEDIA AND MAKING THE ROI CASE

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COCA – COLA IS EVERYTHING: SCM, CRM, ERP, SOCIAL MEDIA, YOU NAME IT.

1) WHY IS STANDARDIZATION SO IMPORTANT IN SUPPLY CHAIN MANAGEMENT? COKE IS DEVELOPING ITS OWN SET OF SOFTWARE SERVICES FOR BOTTLERS TO USE. DO YOU THINK COKE CHARGES THE BOTTLERS FOR THESE SOFTWARE SERVICES? WHY OR WHY NOT?

Standardization is the process of developing and implementing technical standards. Standardization can help to maximize compatibility, interoperability, safety, repeatability, or quality. Standardization is important since it provides seamless integration between suppliers and company and introduces “efficiency” in SCM. Besides that standardization is very important in Supply chain because process of supply chain will be more efficiently streamlined and money can be saved by reducing expenses associated with supply chain management. Standardization is very important, as it allows all departments within a business to communicate effectively and efficiently. SCM track activities through an entire company and for it to run more efficiently standardization will help immensely. Standardization is important in supply chain management because it helps to smooth out the activities that it processes for business partners which can translate to higher efficiency. In our opinion Coke does not charge for these services because most of the coke bottlers are owned by the coca cola company. Bottlers just purchase the operations of bottling and the software services are to assist expansion of coca cola. It is a win-win situation since Coke has to deal with only one type of bottling platforms and bottlers are getting most likely free software.

2) How is My Coke Rewards an example of a switching cost? How can a switching cost not have a monetary penalty associated with it?

Switching cost is the cost that makes customer reluctant to switch to other product or supplier. My coke rewards is one of the marketing concept introduced by coke to maintain customer loyalty and the program is launched in the year of 2006. Coke can get data on drink and buying patterns by tracking information through sales and website. The information will go in the database so that Coke can bring up the data what is going on with the customers. It can use this information for customer relationship management activities in order to get in touch with their customers and be doing great with their business. Switching cost may not have monetary cost if there alternative is provided in the company itself and customers tend to stay within the company.

Figure 1 shows the success of the web page.

Figure 1

Coke's Web Site Effort Draws A Crowd

C OKE NEEDED A HIT with its customer-loyalty Web site, at www.mycokerewards.com, and it got one. "We wanted to reclaim consumer leadership, to really connect with our consumers again," explains Jun Ying, head of Web development at Coke.

Just two years after its launch, the site is one of the most popular consumer packaged-goods sites on the Web. In the third quarter of last year, unique visits to My Coke Rewards jumped to 8.6 million from 66,000 in the same quarter a year earlier, a 13,000% increase, according to a ComScore study. The jump put it in second place behind www.kraftfoods.com, beating out www.millsberry.com, General Mills' virtual world and game site for kids, and recipe-oriented www.bettycrocker.com. Visits to My Coke Rewards have roughly tripled since the ComScore study, with the site attracting some 285,000 visitors a day, says Coke.

The site uses prizes as the proverbial dangling carrot. Consumers redeem codes on beverage bottles for booty,

from magazine subscriptions to beauty products to electronics. Coke partners with many brands—including *American Idol* and the NCAA—to bring consumers to the site, and also with hundreds of companies on prizes. Coke uses a Fair Isaac service to track what prize areas registered users visit.

That intelligence is built back into the site so that when users sign on, the site triggers promotions of redeemable products targeting their interests. Coke has distributed more than 5 million prizes through the site.

Ying and his team put together a software development kit that ad agencies around the world can use to create Coke customer loyalty sites focused on various demographics. There are 40 Coke Web sites in all, ranging from broad-audience sites similar to the original, such as the United Kingdom's Coke Zone, to those targeted at specific users like one for World Cup Soccer fans in Europe. The

idea is to bring consumers into the Coke loyalty program from many avenues, including promotions at soccer games and auto races. The development kit ensures consistent standards for common functions, such as the registration process, but Coke looks to the agencies that develop the sites to create the graphics, features, and language support. Coke hosts all the sites from its data centers.

In Europe, Coca-Cola has a record label that signs bands, primarily rock and electronica. Coke also created a Coca-Cola-branded Flash-based music player. Through a relationship with Apple, Coke-labeled records are available at iTunes. The goal is to build a positive impression of Coca-Cola by connecting the brand with a consumer's favorite music, Ying says.

Coke has made a positive impression with its My Coke Rewards site, which will serve it well with Web-savvy consumers going forward.

—MARY HAYES WEIER



Eric Berger

3) What sort of business intelligence could Coke gather from its MY Coke rewards web site? How could it use this information for customer relationship management activities?

Coke can find out where their target market lies through the My Coke Rewards process. People will claim prizes that they find important, and from this Coke can find out where their advertising money should be spent. My coke rewards encourages customers to purchase coca cola products and collect bottle caps and packages to collect points to redeem later on. The program runs on a powerful platform which aggregates consumer information into a single database and applies predictive analytic model for profiling and segmenting consumer behaviour (source : www.fico.com) . As more customers participate in My coke rewards programme the database grows and helps to personalise the customer database. The ability to learn from a consumer's actions, as well as their stated preferences is key success to the platform.

Figure 2 : My coke rewards page

The screenshot shows the My Coke Rewards website interface. At the top, there's a navigation bar with options like 'How it works', 'Rewards Catalog', 'Offers & Promotions', 'Explore Brands', 'Schools', and a search bar. Below this, a large banner advertises a '\$5,000 VISA Gift Card' with a 'Cha-ching!' headline. To the right, a sidebar titled 'Ways to spend points >' lists various rewards and sweepstakes, including 'Military' (500 Points), 'Royal Caribbean International' (3 Points), and 'Coca-Cola Sochi 2014 Olympic Winter Games' (3 Points). The bottom of the page features three promotional tiles: 'Win a Disney vacation', 'Earn 2X points on the NEW Sixer', and 'Win a Royal Caribbean cruise'.

4) Visit Coca Cola's Facebook page. Can you buy coke products there? What social media tools are present to allow you to communicate with coca cola?

Figure 3 : Coke Cola Facebook fan page



Figure 3 above shows Coca Cola's facebook page. Cola has garnered 79m of like for its page and there is a constant update my it's fans on their likes and dislikes on the drink and from the facebook there is no evidence of purchase via facebook. Besides coca cola facebook there are also other fan pages such as blog posts,coca cola webpage,tweeter, instagram, google,pinterest, linkedin, and etc.

5) Now visit Pepsi's Facebook page. Compare and contrast it to coca cola's Facebook page. Which has more eye appeal? Which seems to have more activity? Why do you think this is true?



Figure 4 : Pepsi facebook page

Coke is outgunning Pepsi massively with 70 million Facebook Likes compared to Pepsi's 17 million Facebook Likes.

Coca cola has the biggest company Facebook page in the world, besting other highly recognizable brands such as Walmart, Disney, MTV, HP, and Hyundai.

For example, one of the tabs on Coke's page is for the "[Ahh Giver](#)," an app that enables users to send a sort of Coca-Cola branded e-card to friends. Plus, a friend who receives one of those cards gets a free Coke and another interesting activity on the page is that consumer/ fan's comments are answered in the language it is posted. Refer **Figure 5** below



As for Pepsi's facebook , fewer of its fans visit the page. Pepsi's Facebook Page is backed by a solid engagement strategy that keeps its fans liking, commenting and sharing. It's common for the page to garner 2,000 or more "Likes" and several hundred comments on a post, but it's been known to pull out the Cute Card to garner attention. For example, refer **Figure 6** below :

Figure 6 Pepsi current post



Pepsi's marketing message also start to gets repetitive and followers are likely to start tuning the brand out when they see posts pop up on their timeline. In comparison, Coke keeps things fresh with new campaigns, charity initiatives and local events that encourage users to share posts with their friends. More generalized marketing campaigns that encourage Facebook users to get involved and share the page are always a good idea. With this we agree that there are more interesting activities going on in Coca cola's Facebook page compared to pepsi's Facebook page.

THE BUSINESS OF SOCIAL MEDIA AND MAKING THE ROI CASE

1. LET'S SAY YOUR CURRENT ANNUAL SALE IS \$ 1 MILLION. YOU IMPLEMENT A SOCIAL MEDIA STRATEGY AND BEGAN GENERATING \$200 000 IN REVENUE THROUGH YOUR FACEBOOK PAGE. AT THE END OF THE YEAR YOUR SALES ARE STILL \$1 MILLION. WAS YOUR SOCIAL MEDIA STRATEGY SUCCESSFUL? WHY OR WHY NOT?



Study shows that 93% of marketers use social media for business Only 7% of marketers say they don't use social media for their business. That means there are lots of people out there getting involved and managing a social media strategy. It's becoming more common to include social media as part of an overall marketing budget or strategy, as opposed to when it was the outlier that no one wanted to spend time or money on however If I have invested in social media for marketing purpose I would expect my sales to increase more than what I have generated before using social media as a tool of marketing. Therefore if I generate sales same as before indulging in social media I would say logically I **have failed to** use social media as a marketing tool to boost my sales.

2. EVERY SOCIAL MEDIA STRATEGY COST MONEY TO IMPLEMENT AND WE LISTED A FEW OF COSTS IN THIS CASE STUDY. CREATE A MORE COMPREHENSIVE SOCIAL MEDIA STRATEGY COST. BRIEFLY DESCRIBE EACH COST AND IDENTIFY IT AS EITHER AS A FIXED COST OR VARIABLE COST.

Creating a "comprehensive" strategy for social media marketing and outsourcing all work for all channels (with a minimum of two) costs anywhere from **\$3,000-\$20,000 per month**, with the industry average settling between **\$4,000-\$7,000 per month**. If you want them to start the accounts from scratch and consult on a 4- to 12-month contract, you'll pay between **\$3,000-\$15,000 per month**. *(source contentfact.com)*

SOCIAL MEDIA STRATEGY COST	DESCRIPTION	COST	APPROX COST <i>(souce : dannybrown.me)</i>
Human Resource	<p>Cost of hiring a person to be in charge of maintaining the social media</p> <ul style="list-style-type: none"> • Social media strategist - This is the staff dedicated to engaging on social media platforms • Marketing - To ensure that social media messaging and related interactions are 	<p>Variable cost</p> <p><i>Cost may differ according the number of person hired</i></p>	<p>Social media strategist: 10 hours per week @ \$100 per hour = \$1,000 per week. Total for 52 weeks – \$52,000.</p> <p>Marketing Managers: 30 hours per week @ \$60 per hour = \$1,800 per</p>

	<p>integrated into marketing.</p> <ul style="list-style-type: none"> • Legal.- These resources are involved in ensuring that assets and intellectual property are protected as well as drafting social media guidelines. 		<p>week. Total for 52 weeks – \$93,600.</p> <p>Legal Officers – can be outsourced, fee may vary</p>
Content	<ul style="list-style-type: none"> • Create content. This is the information in terms of interactions, articles, images, videos, podcasts, presentations and more. External resources can develop these assets. 		<p>Micro-site build (if not using existing platforms) – \$15,000.</p>
Technology	<ul style="list-style-type: none"> • Support installing and using many social media platforms. Understand that business profiles aren't necessarily the same as personal ones. 		<ul style="list-style-type: none"> ▪ Mobile application (more than 70% of social web browsing is via mobile phone) – between \$20,000 and \$150,000 depending on functionality.
Analytic	<ul style="list-style-type: none"> • Social media monitoring. Encompasses listening 		<ul style="list-style-type: none"> ▪ Ongoing moderation and measurement

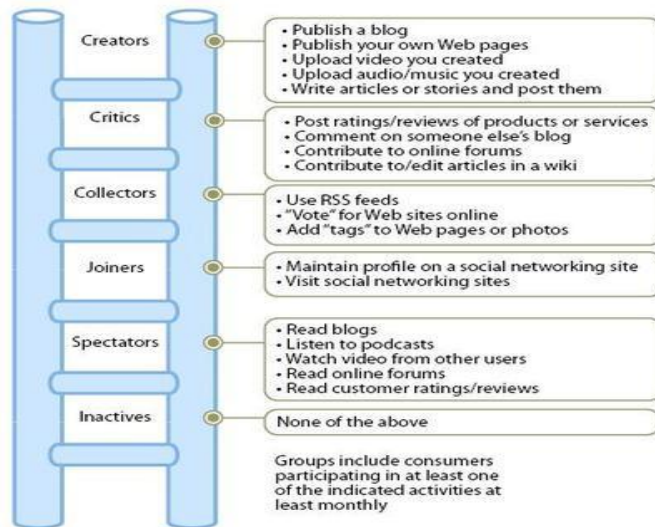
	<p>for brand mentions and competitive input for your brands, products and employees. Depending on your brand and corporate staff, this can be outsourced to a variety of different social media offerings but requires building the expertise to understand what's being said about your organization.</p>		<p>using third-party specialists – between \$30,000 and \$80,000 depending on frequency.</p>
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3. Suppose you have well like business with a well liked product. One day something goes wrong and you ship 100,000 defective products. Almost the entire customer base is disgruntled. What social media strategy would you employ to help? Would you be better off just “waiting for it to blow over” or even “sticking your head in the sand”?

The best social media strategy to rectify this matter would be encourage interaction and build relationship. A brief explanation and apology should be posted in the social media. This would create a sense of sympathy among the customers. Besides that customer would gain trust towards the company and waiting for it to blow over or sticking my head in the sand would not be a wise idea. This will make me to lose customer's trust and would hinder my business in the future. Competitors would use this as their winning trait and take advantage of my flaw. The best action would be own up to mistake and rectify it.

4. In the case study, we listed five steps to success. Identify two others and briefly discuss them.

In my opinion one important criteria in using social media would be identifying the target market. Boil your customer down to one or more personas in terms of demographics (age, gender, income, education) and psychographics (lifestyle). Market research agency Forrester coined the term “technographics” to describe how people use social media. They refer to it as the Social Technographics Ladder, and break usage into six categories:



(source:www.practicalcommerce.com)

And another important key to success is to be social or in another words social media should have active interactions. For example coca cola fan page which manage to capture 77 million fans thus manage to increase company sales.