

Case 3

Coca-Cola to launch its first alcoholic drink (March 2018)

Coca-Cola is to produce the first alcoholic drink in its 132-year-history, with plans to launch an alcopop in Japan. The world's biggest soft drinks company said it would start making a version of "Chu-Hi" (An alcoholic canned drink originated in Japan). Sales of the drink-Chu-Hi, which ranges in alcohol content from 3-8%, have surged over the past five years in Japan and it is particularly popular with female drinkers.

The company, famous for its red label and secret Coca-Cola recipe, hopes to capitalize on the increase in popularity in Japan of Chu-Hi alcopops. Coca Cola has recently announced to launch a drink with alcohol content of 3-8%. The initial target is to capture the share in Japanese market to tap the expanding market of *Chu-Hi*.

Sales of fizzy drinks are in decline worldwide as young people become more health conscious, cutting down on sugar consumption. Coca-Cola has branched out into water, coffee and tea to plug the sales shortfall.

Despite the UK's sugar tax coming into effect next month, Coca-Cola has no plans to change its sugar-laden recipe for its flagship drink. It has said "people love the taste ... and have told us not to change". The group will use smaller bottles and sell at higher prices to offset the impact of the soft drinks tax.

The company is also launching three new drinks in the UK this year – the ice tea drink Fuzetea, ready-to-drink cold coffee Honest Coffee, and the dairy-free smoothies brand AdeZ.

Last year a report from the analysts IRI showed sales of bottled water exceeded cola for the first time as many UK consumers turned to healthier options.

Howard Telford, head of soft drinks at Euromonitor International, a market research firm, said: "This is a departure for Coca-Cola, but I think this reflects the way that changing consumer tastes are pushing the company into less familiar areas like premium dairy, coffee, tea and now low-alcohol flavoured drinks.

"While I don't think this represents a global shift in company strategy, I do think we can expect Coca-Cola and its competitors to continue looking for new opportunities."

According to Euromonitor, global consumption of fizzy cola drinks fell 3.1% between 2012 and 2017, with double-digit declines in the US and Brazil. Coca-Cola controls 56.5% of the global market.

He said: “The Chu-Hi category is found almost exclusively in Japan. Globally, it’s not uncommon for non-alcoholic beverages to be sold in the same system as alcoholic beverages. It makes sense to give this a try in our market.”

Jorge Garduño, Coca-Cola’s Japan president, said: “We haven’t experimented in the low-alcohol category before, but it’s an example of how we continue to explore opportunities outside our core areas.” Garduño said Coca-Cola would probably sell its alcoholic drinks only in Japan, because of the “unique and special qualities” of the domestic market.