### CASE ASSIGNMENT: COKE ZERO

***Do Real Men Drink Diet Coke?***

When a couple of marketing managers for Coca-Cola told attorney Elizabeth Finn Johnson that they wanted to sue their Coke Zero colleagues for “taste infringement,” she was baffled. She tried to talk them out of it, but they were determined. They argued that Coca-Cola Classic should be protected from the age discrimination it would suffer with the introduction of a newer, younger soft drink that tasted exactly the same as the original. Frustrated, Finn Johnson held up the Coke can and shouted, “It’s not a person! Title VII doesn’t cover these things!”

What she didn’t know was that the marketing managers were actors. Hidden cameras had been planted around the meeting room to capture the reactions of several unsuspecting attorneys who had been asked to consider the case, including an immigration lawyer who was asked if he could get the Coke Zero marketing head deported back to Canada. The short videos were strategically placed on websites like YouTube.com to promote Coke Zero as the hip, new alternative to Diet Coke for men.

The Coca-Cola Company knows it has to be creative if it’s going to sell more soda after sales dropped two years in a row in 2005 and 2006. Morgan Stanley analyst Bill Pecoriello explains, “Consumers are becoming ever more health-conscious, and the image of regular carbonated soft drinks is deteriorating rapidly.” In an attempt to appeal to consumers concerned with nutrition, Coke introduced Diet Coke Plus in 2007, a sweeter version of Diet Coke fortified with vitamins and minerals. But what they really needed was a way to reach young male consumers, and Diet Coke Plus, marketed with tag lines like “Your Best Friend Just Got Friendlier!” wasn’t going to do it.

A few new products appealed to certain male demographics, such as Coca-Cola Blak, a cola with coffee essence created for older, more sophisticated consumers who are willing to pay more, and Full Throttle Blue Demon, an energy drink with an agave azule flavor (think margaritas) designed to appeal to Hispanic men. However, research showed that there was still a big demographic hole to fill as young men between the ages of 18 and 34 were abandoning the Coca-Cola brand altogether. They didn’t want all the calories of regular Coke, but they weren’t willing to make the move to Diet Coke, either, which has traditionally been marketed to women who want to lose weight.

Katie Bayne, chief marketing officer for Coca-Cola North America, says that the men who weren’t put off by the “feminine stigma” of Diet Coke often rejected it anyway because of its aspartame-sweetened aftertaste. “What we were seeing before Zero launched was that more and more younger people were interested in no-calorie beverages but weren’t going to sacrifice taste,” Bayne said. “So when they got interested in no-calorie, they were like, ‘Forget it, I’m not going to Diet Coke.’”

Testing showed that the name “Coke Zero” would be an effective way to sell a low-calorie cola to men without using the word “diet.” And advances in artificial sweeteners made it possible for Coke to finally create a product that tasted more like the “Real Thing.” So expectations were high when Coke Zero was introduced in 2005 with a big marketing push, including a commercial that remade the famous 1971 “Hilltop/I’d Like to Teach the World to Sing” ad—this time with rapper G-Love on a rooftop singing that he’d like to teach the world to “chill.” Unfortunately, the commercial didn’t catch on, and neither did the product it was selling.

Despite disappointing sales in the U.S., however, Coke Zero was an immediate hit in Australia, selling more than three times the number of cases expected during its first year on the market. In the U.S., the packaging was white and silver, making it difficult for consumers to see the difference between Coke Zero and Diet Coke. In Australia, the bottles and cans were black, making the product stand out on the shelves and look more like the “bloke’s Coke” it was intended to be.

The U.S. marketing team took notice and reintroduced Coke Zero with a black and silver label in 2007. Coca-Cola is now investing more money in Coke Zero than any other brand its size, hoping it will someday be a megabrand for the company alongside Coca-Cola Classic and Diet Coke. Chief Marketing Officer Bayne is enthusiastic about the impact it may have on the company. “We do see this as potentially a bit of a white knight. There’s huge opportunity to grow here.”

**SOURCES:** Jerry Adler, “Attack of the Diet Cokes,” *Newsweek*, May 14, 2007; “Coke’s New ‘Coke Zero’ Faces Tough Going, *UPI NewsTrack,* June 13, 2005; Duane D. Stanford, “0: That’s Zero. As in No Calories,” *The Atlanta Journal-Constitution*, March 20, 2007; “Coca-Cola Co.,” *MMR*, October 30, 2006; http://www.cocacolazero.com.

#### Open-ended questions

**1. Describe the specific type of consumer that the Coca-Cola Company is targeting with each of the following products: Diet Coke, Coke Zero, Diet Coke Plus, Coca-Cola Blak, and Full Throttle Blue Demon. What types of demographic segmentation is each product’s marketing most likely to include?**

**2. Some industry analysts think soft-drink companies should develop products that will bring new customers into the market rather than just creating variants on the old. They warn that products like Coke Zero will cannibalize lost market share from other soft drink categories instead of increasing the number of consumers overall. Which Coca-Cola products are most likely to lose customers to Coke Zero?**

**3. Why do you think that the hidden-camera videos used to promote Coke Zero were an effective way to reach its target market? Do you think a similar strategy with a viral marketing campaign on the Internet would appeal to the target market for Diet Coke Plus?**

**4. Do you think Diet Coke could have been repositioned to change consumers’ perceptions of it enough to be considered a drink equally appealing to men? Why or why not?**