

Analyzing Strategies of Coca-Cola to Achieve Environmental Protection and Corporate Profit

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Abstract. Coca-Cola unveiled its "World Without Waste" sustainable packaging initiative in 2018. In 2022, the corporation executed this plan with a series of eco-friendly initiatives in the Chinese market. This study aims to examine how Coca-Cola reconciles environmental conservation with company profitability in the execution of its "World Without Waste" sustainable packaging initiative. This research analyzes data on plastic packaging content and theoretical concepts related to brand image and brand loyalty. It delineates three major factors: the execution of a circular economy strategy, the strategy for recycled packaging materials, and packaging promotional activities. Furthermore, it presents three recommendations: utilizing lighter plastic packaging, integrating designs inspired by traditional Chinese culture, and employing internet marketing strategies. This study contributes to the notion of corporate social responsibility (CSR) by demonstrating how firms can bolster their brand image and promote consumer loyalty through environmental protection activities, thereby facilitating long-term sustainable development..

Keywords: Coca-Cola; Circular Economy; Packaging Recycled Material; Packaging Marketing.

1. Introduction

Nowadays, as people's awareness of environmental protection increases, the Chinese market is paying more and more attention to the use of environmentally friendly materials in product packaging [1]. In this context, an increasing number of companies are actively participating in environmental protection responsibilities. However, during the production process, beverage companies produce bottles that consume large amounts of resources and generate carbon emissions, with the highest carbon emission per 100 ml/100 g of material of the 266 PET-based beverage bottle samples being about 0.149 kg CO₂. This poses a significant threat to the environment [1]. Therefore, beverage companies in China are actively promoting environmental protection with the support of the Consumer Council, continuing to launch zero-carbon products and building green factories [1]. Against this backdrop, Coca-Cola, a versatile beverage company, announced in 2018 its commitment to a sustainable packaging strategy titled "World without Waste" and has consistently pursued this initiative in subsequent years [2].

Prior study initiatives concerning Coca-Cola have concentrated on diverse facets. Rui Zhang's study examined Coca-Cola's packaging, promotional, and distribution strategies but neglected the company's environmental stewardship efforts [3]. Kexuan Chen's article examined Coca-Cola's marketing techniques in the Chinese market, analyzing product, pricing, targeting strategy, and other aspects, but did not consider green packaging marketing [4].

Although numerous studies exist on Coca-Cola, prior researchers have predominantly concentrated on marketing strategies and related topics, overlooking the company's environmental contributions. While a few articles mention Coca-Cola's "World without Waste" strategic policies, scarce investigation has delved into the intersection of environmental protection and corporate win-win scenarios, leaving a research gap in this area. This paper aims to fill this research gap by examining how Coca-Cola successfully combines environmental protection with corporate profitability through its sustainable packaging strategy, "World without Waste".

The research motivation arises from a wish to elucidate the intricate relationship between CSR and profitability. This paper seeks to understand how Coca-Cola achieves environmental goals while ensuring revenue through sustainable packaging strategies. This topic provides essential insights for other firms seeking to achieve this balance. This study focuses on the execution of the "World Without Waste" strategy in the Chinese market. The increasing demand for eco-friendly products among Chinese consumers necessitates an analysis of Coca-Cola's environmental strategy in this market, highlighting the distinctiveness of the Chinese setting and the difficulty of implementing corporate social responsibility in this environment. This research is significant for enhancing CSR theory, especially in terms of the impact of environmental initiatives on business profitability. It serves as a significant reference for other firms, directing them along a path that effectively reconciles environmental conservation with company profitability when implementing sustainable methods. Furthermore, it reveals how businesses may enhance their brand reputation and strengthen consumer loyalty through environmental measures, therefore promoting long-term sustainable development.

To address the research gap regarding Coca-Cola's achievement of coexisting environmental protection with corporate profitability in the execution of its "World Without Waste" sustainable packaging strategy, this paper first examines Coca-Cola as a case study, detailing its relevant strategic policies for waste-free sustainable packaging and their implications. Subsequently, based on observed phenomena, the paper delves into how Coca-Cola has successfully harmonized environmental protection with corporate profitability within its sustainable packaging strategy. Finally, drawing from the insights gained, the paper offers practical recommendations tailored to Coca-Cola's current context, outlining a path for the company to sustainably balance environmental responsibility with profitability in the long term.

2. Case Description

Coca-Cola stands as a global beverage giant and one of the most beloved beverage brands in China [4]. Recognizing the immense potential of the Chinese market, Coca-Cola has prioritized it as a key investment destination [4]. On May 8, 1886, Coca-Cola was born in Atlanta, Georgia, USA, and officially entered the Chinese market in 1979. As of 2022, the top three soft drinks in terms of purchase frequency among domestic consumers in the carbonated beverage category are Coca-Cola (67.3%), Pepsi (61.6%), and Sprite (47.6%), demonstrating the significant influence of Coca-Cola in China [2].

Before the implementation of the "World without Waste" strategy, Coca-Cola's influence on people's minds was mainly happiness. Since the launch of the "Nickname Bottle" in China in 2013, Coca-Cola has been using packaging as a selling point for its marketing and communication campaigns in China every year, including the "Lyrics Bottle" in 2014, the "Line Bottle" in 2015, the "Gold Medal Praise Bottle" in 2016, and the "Honey Bottle" in 2017 [2]. Data in Wang Fei's article shows that the "Lyrics Bottle" alone increased Coca-Cola's sales of soft drinks by 10% in June, which not only successfully boosted sales but also won the "Best Content Marketing Award" that year [2].

In China, despite the relatively weak foundation of the recycling system, Coca-Cola has persisted in exploring ways to fulfill its environmental responsibility locally [5]. At the end of 2019, The Coca-Cola Company attempted to partner with Jingdong to leverage the door-to-door delivery of Jingdong Logistics couriers to recycle beverage bottles from households. Consequently, around 50,000 Shanghai households participated over two weeks [5]. In January 2020, The Coca-Cola Company and Jingdong Group announced at the World Economic Forum in Davos that the two companies would use beverage bottle recycling as an entry point to promote responsible consumption on Jingdong's platform and jointly promote the development of China's circular economy [5]. Furthermore, in September 2020, Coca-Cola China launched a year-long beverage bottle recycling initiative on Wuliqiao Street in Shanghai. On the 19th of that month, Coca-Cola China officially launched "Care Packs", a series of recycled packs made from recycled beverage bottles [5].

By 2018, Coca-Cola announced its comprehensive “World Without Waste” sustainable packaging strategy, aiming to have 100% of its packaging fully recyclable and in use by 2025 and to achieve full recyclability of all product packaging by 2030 [2]. This global strategy encompasses specific actions in the Chinese market in 2022, demonstrating the Coca-Cola brand's commitment to environmental stewardship and social responsibility. In 2022, Coca-Cola introduced a series of packaging innovations and eco-friendly initiatives in China, including label-free bottled water, bottle labels made from recycled materials, and packaging marketing campaigns tied to the Beijing Winter Olympics. These measures effectively reduced plastic packaging consumption, optimized the recycling process, and heightened consumer awareness of environmental protection.

3. Analysis on Problems

3.1. Reasons on the Implementation of Circular Economy Strategy

Coca-Cola has effectively executed its sustainable packaging strategy, creating an equilibrium between environmental conservation and company profitability.

Coca-Cola's introduction of label-free bottled water minimizes packaging material usage, adhering to circular economy principles. In April 2022, the business introduced Bonaqua, a label-free bottled water, in Hong Kong, China. The startup employs laser printing technology to directly imprint product information and sales barcodes into plastic bottles and caps, facilitating sales without conventional plastic labels [6]. Wang Fei's research indicates that this strategic approach improves recycling efficiency by obviating the necessity to detach labels from bottles, therefore streamlining the recycling process and minimizing waste [2]. The circular economy not only illustrates its capacity to minimize waste in practical business contexts but has also attracted considerable interest from various experts who have investigated its importance. Stahel posits that the circular economy converts products at the conclusion of their lifecycle into resources for others, thus closing the loop within the industrial environment and minimizing waste [7].

Additionally, the move resulted in a boost in sales. Coca-Cola observed similar results when they introduced label-free bottled water in South Korea. Kwon discovered that the increase in sales of label-free bottled water was due to consumer interest in and support for these environmentally innovative approaches [8]. Furthermore, Innova Market Insights used data collection methods to demonstrate that there is a strong relationship between product packaging designed in line with the concept of a circular economy and consumers' willingness to purchase [8]. Sixty-six percent of global consumers agree that industry, government, and waste management companies need to collaborate to enhance the recyclability of packaging. Fifty-seven percent of global consumers agree that a familiar brand changing its packaging design catches their attention [8].

3.2. Reasons on the Packaging Recycled Material Strategy

Coca-Cola has excelled in its efforts to reduce recyclable materials, striking a balance between environmental conservation and corporate profitability.

In June 2022, Coca-Cola introduced the "outer packaging recyclable material shrinkage bottle label" to the beverage industry in Greater China. When compared to previously used raw materials, these recycled bottle labels exhibit no aesthetic differences [2]. The text on the bottle labels changed from "recycle me" to "see you later" and then "come back," resulting in a sustainable ecological cycle model. The use of recycled material on bottle labels resulted in at least a 30% reduction in the original plastic composition of a Coca-Cola bottle label. Through this effort, the firm significantly increased material consumption rates, demonstrating its commitment to environmental preservation.

Numerous scholars have demonstrated the importance of corporate responsibility in promoting the company's products. Huo et al. used questionnaires and sampling procedures to investigate the impact of corporate responsibility on consumers' long-term purchase intentions, indicating that it improves overall organizational performance [9]. Huo et al. discovered that, in addition to addressing global

concerns, corporate responsibility can serve as a successful marketing strategy, improving brand image and thereby increasing customer purchasing intent [9].

3.3. Reasons on Packaging Marketing Activities

Coca-Cola has performed well in its packaging marketing activities, achieving a balance between environmental protection and corporate profits.

During the 2022 Beijing Winter Olympics, Coca-Cola used WeChat mini-programs and online commercials to encourage consumers to recycle abandoned cola bottles and participate in environmental protection activities. Coca-Cola spearheaded the launch of the "Empty Bottle Battle" mini-game on the WeChat platform. Users in the virtual game may swap the empty Coca-Cola bottles they collected for real-world things [2]. Furthermore, Coca-Cola launched a "bottle campaign" with the themed advertising "Bottle Is a Treasure." Prior to the Olympics, Coca-Cola focused on conveying the idea of happiness through the bottle's fashion design, such as the "Honey Bottle" in 2017 and the "Modern City Can" in 2018, but the Winter Olympics marketing campaign shifted Coca-Cola's image in consumers' minds from happiness to environmental friendliness [2]. Coca-Cola's environmental conservation actions during the Winter Olympics not only improved its brand image but also elevated customer environmental consciousness, resulting in increased brand loyalty [2].

Jalu et al. used a sample survey to demonstrate that both green brand innovation and green perceived value are key determinants that help improve green brand loyalty and that consumers' environmental awareness and green knowledge indirectly impact brand loyalty improvement [10].

4. Suggestion

4.1. Suggestions on Circular Economy Strategy

If a product sells label-free bottled water, it can reduce resource waste and expand sales. However, data show that in 2023, Chinese households will consume about 82 kg of plastic per household per year, of which 34% will be packaging-related [1]. This result highlights the need for packaging improvements in the practice of selling unlabeled bottled water to reduce waste. Therefore, this paper suggests that to make this product more environmentally friendly and attract more consumers who prefer mineral water beverages, the bottle material should be transformed into lighter plastic packaging.

The Shanghai Consumer Protection Committee believes that reducing beverage bottle usage is significant for protecting the environment and promoting sustainable development [1]. The most direct and effective way to achieve plastic reduction and carbon reduction in beverage bottles is to reduce the weight of plastic bottles, thereby decreasing the plastic content per bottle of beverage [1].

Additionally, research by Maggioni, et al. has shown that the weight of plastic bottles affects how consumers perceive this mineral water product: placing mineral water in heavier containers leads to a lower level of enjoyment for consumers [11]. Therefore, sellers love lighter plastic packaging, which increases consumer satisfaction with such products and enhances purchase intent.

4.2. Suggestions on Packaging Recycled Material

The use of recycled materials in beverage bottle labels reflects Coca-Cola's commitment to social responsibility, which is also a promotion strategy that achieves environmental protection. Therefore, this paper suggests that Coca-Cola should continue to focus on creating environmentally friendly and aesthetically pleasing bottle labels. If Coca-Cola aims to draw in more local Chinese people, especially those who value Chinese culture, it should integrate traditional Chinese designs into the recycled material beverage bottle labels.

Many researchers and scholars have also used examples to argue the important role of adding local cultural elements to products in business. For example, in Wang Fei's article, the case of Nongfu

Spring was cited to demonstrate that when differentiated competition is conducted using traditional cultural packaging marketing strategies, consumers are willing to pay for the cultural connotation of the product [2]. Wang Fei suggested that Nongfu Spring introduce nine distinct packaging designs that incorporate elements of the Forbidden City culture, all while adhering to the main theme of traditional Chinese colors and featuring ancient portraits [2]. This cross-temporal cultural communication significantly enhanced the effectiveness of Nongfu Spring's promotional activities and product sales [2]. Therefore, as a similar beverage product company, if Coca-Cola integrates local Chinese cultural elements into the aesthetics of its bottle labels, consumers will be more willing to purchase such products.

4.3. Suggestions on Packaging Marketing Activities

Introducing the product alongside the Olympic Games and implementing additional marketing methods can enhance brand loyalty, increase sales, and elevate customer knowledge regarding environmental conservation. Whitton et al.'s paper underscores the existence of over 4,000,000 global internet users within the contemporary food and beverage business online, a figure that is steadily increasing. Moreover, 70% of adolescents indicate a preference for interacting with food and beverage marketers on social media [12]. This paper recommends that Coca-Cola enhance its digital marketing on social media platforms to attract a larger youth demographic to purchase its goods.

The article by Whitton et al. confirmed that social media digital marketing in the food and beverage sector might enhance young consumers' interest for these products, consequently boosting sales by appealing to this demographic [12].

5. Conclusion

This article examines how Coca-Cola has successfully reconciled environmental conservation with corporate profitability through its "World without Waste" sustainable packaging initiative, amidst increasing focus on corporate ecological responsibility in the Chinese market and the adverse environmental effects of beverage bottles from beverage companies. The paper employs a qualitative analysis method to thoroughly investigate Coca-Cola's implementation of the "World without Waste" agenda. The findings indicate that Coca-Cola has strengthened its brand image via environmental activities, improving consumers' purchase intentions and finally attaining a balance between ecological preservation and business profitability.

This research considerably contributes to the examination of the equilibrium between CSR and profitability, especially within the distinctive context of the Chinese market. It enhances CSR theory and provides significant insights for other enterprises on how to manage the convergence of social responsibility and profit motives.

Nonetheless, it is important to acknowledge that this paper possesses specific limitations. It specifically concentrates on a set of environmental tactics executed by Coca-Cola in China during the initial half of 2022, indicating a temporal limitation. Thus, it neglects to examine Coca-Cola's long-term strategy for reconciling profitability with environmental concerns over an extended timeframe and developmental context.

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