

Case Study #4 (8 Marks)

Coca Cola – New Product Vending Machine

You are meeting with the head of new product development for Coca Cola to discuss a new delivery platform Coca Cola has developed. Coca Cola does not generally make its delivery platforms – it is usually delivered through fountains or vending machines. But Coca Cola has recently been looking into developing a new vending machine. It's at the first level of screening. It was born out of an idea the engineers at Coca Cola came up with and this executive needs to know whether to use the vending machine or kill the idea. This vending machine can change prices as the temperature changes. If it's hotter outside, the price to the consumer will be higher. If it's cooler, the price goes down accordingly. Assume there is no extra cost to making these vending machines and that they are easily implemented.

Commercial Background

- Coca Cola sales are seasonal – about 60% is bought in summer.
- A Coke sells for around \$1.00. Costs to produce are: 20 cents manufacturing and 75 cents in marketing. So there is 5 cents profit on each can.
- Coca Cola does not expect to make more money on sales through this vending machine.
- It expects the high prices (in hotter weather) and low prices (in colder weather) to even out to be similar to current revenues.

Customer Behavioral Background (for Gamification and Loyalty Rewards Strategy Design)

- Samantha from the Coca Cola Global Marketing Department provides you with some analysis around Gender differences with Coca Cola consumption following comparable new product launches. Samantha suggests this might be provide some useful innovative insights for your upcoming Coca Cola New Product Delivery.

Skills	Advantage	Genres	Preference
3D rotation	Male	Shooters, fighters, sports	Male
Color memory	Female	Puzzle	Female
Disembedding	Male	Action, shooters	Male
Field ind. spatial perception	Male	Shooters	Male
Object location memory	Female	Card	Female
Targeting	Male	Shooters, sports	Male
Verbal fluency	Female	Classic board games, puzzle games	Female
Verbal memory	Female	Classic board games, puzzle games	Female

YOUR TASK: Discuss Coca Cola's proposed Business Execution and Marketing (from both a Gamification and Loyalty Rewards perspective) (400 words)

- What problem at Coke might the engineers have been reacting to when they decided to develop this machine?
- What were they trying to solve?
- Was it an attempt to reduce frequency with which Coke becomes "flat" in the summer?
- Was there an existing delivery problem that prompted Coke to take a shot at delivering Coke themselves?
- What might Coke want to think about before introducing this delivery system? How might people react to it?
- What innovative ideas around Gender-Difference skills could help design a Mobile Marketing campaign?
- What Gamification/Loyalty techniques and strategic tools would be helpful in designing a solution?
- What further Gamification/Loyalty-related questions would you like to ask Coca Cola at your next meeting?