

CHAPTER II

HISTORY OF THE COCA-COLA COMPANY

In this chapter, the author would like to tell about the history of Coca-Cola company when the Coca-Cola recipe was founded for the first time, and time to time the Coca-Cola can create their own brand and became one of the biggest beverage brands in the world. In this chapter, the writer will also describe the history when Coca-Colacompany first time enters in India. The history will also highlight the problem that has faced by the Coca-Cola company during its time in India and time to time the Coca-Cola company office move to Haryana.

A. The History of Coca-Cola Company

Coca-Cola is a global company founded and headquartered in Atlanta, Georgia US that was introducing on May 8th, 1886. There is much history that exists in the formation of Coca-Cola until eventually Coca-Cola can become one of the biggest softdrinks in the world until now. John Stith Pemberton originally made Coca-Cola. He was born on July 8th, 1831 in Knoxville, Georgia and spent part of his childhood in Rome, Georgia. Pemberton's parents were James C. Pemberton and his mother Martha L. Gant. Pemberton entered the College of Reformed Medicine in Georgia in Macon, and in 1850 when he was nineteen years old, he obtained permission to practice pharmacy. Pemberton does have talent in chemistry that's why he became a pharmacist (Fatima, 2018).

When the American Civil War broke out, Pemberton fought for the Georgia State Guard, which was part of the Confederate Army (Ross, 2015). After he was seriously injured during the Battle of Columbus, without considering

the side effect that would be obtained over a long period, the doctors gave Pemberton morphine to relieve his pain when they thought might be Pemberton's last few hours. But time to time the morphine treatment continued when Pemberton began to recover. He became addictive painkiller or the morphine. In order to reduce his addiction, Pemberton began to try an experiment with coca plants. Pemberton knew about coca wine, a mixture of wine and cocaine which was very popular with French people at the time and decided to try to make it. Its first product, Pemberton's French Wine, Coca Nerve Tonic, is strong liquor mixed with cocaine and marketed as a drug for opiate addiction, abdominal pain, neurasthenia, chronic headaches, and erectile dysfunction. The drink is shaken in a thick syrup batch and sent to the pharmacy, it can be mixed with soda water.

However, there was a problem in Pemberton's new invention in 1886. There was a ban on alcohol and stopping the production and sale of alcohol in Georgia. Then, Pemberton reformulated the ingredients of his experiment into non-alcoholic drinks, and Pemberton tries using different ingredients such as mixing this coca extract with kola beans so that it becomes syrup. He changes some compositions by combining soda water, lime, cinnamon, coca leaves, and Brazilian bush weeds. After the concoction has done, Pemberton gave tester to people, and they liked the taste of his concoction (Ford, Stephens, & Cooper, 2007). During his experiment, Pemberton collaborated with Willis E. Venable to assist him in refining and testing his ingredients or recipes. Then become Coca-Cola and marketed it first at Jacob's Pharmacy Atlanta on May 8th, 1886. At first, this drink only sold nine glasses per day at a price of 5 cents per glass.

Then the history of Coca-Cola's name and writing is a suggestion given by Pemberton's bookkeeper, Frank Robinson. This recipe made by Pemberton is syrup containing coca and caffeine leaf extract made from kola nuts. Therefore, the name Coca Kola appeared which was following the raw material for making this drink. Then, Robinson is known to have perfect handwriting, assuming that using two Cs in that name will look striking and good if in the advertiser later. Because of that, the cola changes using the letter C to become cola, with the brand name of the drink then "Coca-Cola" is born and using flowing letters that function as famous logos to date (Bellis, 2018).

Figure 2. 1Coca-Cola Company Logo



Source: (Journey Staff, 2018)

Therefore, with the name that has been made appear some advertisements in the one of the first newspaper ads appears announcing that Coca-Cola as a "Delicious and Refreshing Beverage". Then from time to time, Pemberton sold his recipe and then bought it on April 14, 1891, for US \$2,300 by Asa Chandler. Asa Chandler is a pharmacy and businessman from Atlanta. He also succeeded in turning Coca-Cola into an internationally recognized trademark to date. Then in 1892, Mr. Candler for merchandising has driven the sales of Coca-Cola syrup nearly tenfold. He immediately liquidated the pharmaceutical business and focused his full attention on soft drinks. Together with his

brother, John S. Candler, John Pemberton's former colleague, Frank Robinson, and two other colleagues, Mr. Candler formed a Georgian company called The Coca-Cola Company (The Coca-Cola Company, 2012).

The trademark "Coca-Cola" used on the market since 1886, was registered with the United States Patent Office on January 31, 1893. As a fairly good person in the business and advertising sector in promoting something at that time, the advertising budget was estimated to exceed US \$100,000 for the first time. Coca-Cola's first ad appeared in a national magazine. Besides, Mr. Candler also expanded Pemberton's marketing efforts, by giving thousands of coupons for a free glass of Coca-Cola. He promoted this product nonstop, distributing it through fans of souvenirs, calendars, clocks, jars, and countless new things, all of which is depicted as trademarks. Coca-Cola's business continued to grow, and in 1894, the first factories outside Atlanta were opened in Dallas, Texas and others opened in Chicago, Illinois, and Los Angeles, California, in the following years. In 1895, Mr. Candler announced in his annual report to shareholders that "Coca-Cola is now soaring in every state and region in the United States." As Coca-Cola's demand increased and the number of consumers increased, the company quickly expanded its facilities. A new building was established in 1898 in the building as the first headquarters where the location was devoted to syrup production and Coca-Cola business management (The Coca-Cola Company, 2012).

On the other hand, in 1894, in Vicksburg, Mississippi, Joseph A. Biedenharn was very impressed with the increasing demand for Coca-Cola in his fountain, so he installed a bottling machine in the back of his shop and began selling Coca-Cola. Large-scale bottling was made possible in 1899, when Benjamin F. Thomas and Joseph B. Whitehead from Chattanooga, Tennessee, then they obtained exclusive rights from Candler, who became the first president of the Coca-Cola company to market and sell Coca-Cola in almost all part of the United States. With the

collaboration, they later joined John T. Lupton and began to develop the Coca-Cola bottling system. From the results of the bottling, they opened the first bottling plant in Chattanooga in 1899 and made the second in Atlanta the following year. With many competitors from all things, many even copied Coca-Cola from the beverage side until the bottlers. Then, the Coca-Cola company was finally given registration as a trademark by the US Patent Office in 1977. Coca-Cola then trademarked its bottles in 1893, and "Coke®" was registered in 1945. Until now, as we know, Coca-Cola company is a big company in the beverage sector (Ryan, 2015). Coca-Cola company can make various kinds of brands and other types of drinks. The Coca-Cola company has a product portfolio of more than 3,500 drinks and 500 brands, ranging from soda to energy drinks to soy-based drinks. Besides that, Coca-Cola which is the initial product of the Coca-Cola company that we know was only able to sell 9 glasses a day, but until now more than 1.9 billion portions of the drinks they produce can be consumed in more than 200 countries every day and also, in fact, Coca-Cola company makes or licenses more than 3,000 drinks that are separated in other countries (Bhasin, 2011).

Then, there are also the vision, mission and the value from Coca-Cola company.

1. Vision

Our vision serves as the framework for our road map and guides every aspect of our business by describing what we need to accomplish in order to continue achieving sustainable, quality growth.

- People: Be a great place to work where people are inspired to be the best they can be.
- Portfolio: Bring to the world a portfolio of quality beverage brands that anticipate and satisfy people's desires and needs.

- Partners: Nurture a winning network of customers and suppliers, together we create mutual, enduring value.
- Planet: Be a responsible citizen that makes a difference by helping build and support sustainable communities.
- Profit: Maximize long-term return to shareowners while being mindful of our overall responsibilities.
- Productivity: Be a highly effective, lean and fast-moving organization.

2. Mission

- To refresh the world
- To inspire moments of optimism and happiness
- To create value and make a difference

3. Values

The values serve as a compass for actions and describe how behave in the world.

- Leadership: Courage to shape a better future
- Collaboration: Take advantage of collective intelligence
- Integrity: Be real
- Accountability: If that happens, it is up to me
- Passion: Commit to the heart and mind
- Diversity: Exclusive to our brand
- Quality: What we do, we do it well (Chova, 2013)

B. The Coca-Cola Company in Haryana India

India is one of the most developed markets in the world. It can be seen from the existence of new companies, both large and small companies, including the Coca-Cola

Company. The Coca-Cola company faced many difficulties when firstly entering the Indian market in 1956. They must be able to deal with many problems, especially with the government of India. Coca-Cola company marked it in India with the opening of the first bottling plant by Pure Drinks, Ltd, in New Delhi (The Coca-Cola Journey , 2017). Then, India has foreign exchange actions, and at that time the norms set out by the Foreign Exchange Regulation Act (FERA) Foreign Exchange Regulation Act. India's foreign exchange actions were carried out in 1974 during Indira Priyadarshini Gandhi's administration as Indian prime minister at which time she served from 1966-1980.

The foreign exchange action states that foreign companies selling consumer goods must invest 40% of their equity shares in India with the company. Coca-Cola agreed to invest 40% of foreign equity but stated that they would still hold full power in technical and administrative units without local participation allowed, but the Indian government did not approve because it was against the existing regulations. Apart from that, there were also problems that came to the Coca-Cola company, one of which was to model products from the Coca-Cola company, which were examples from domestic companies in India. The Coca-Cola company does not want to divulge its company secrets in any way, so the Coca-Cola company leaves India (History Coca Cola in India , 2007). So, the Coca-Cola company officially left India in 1977. Even though at that time, the Coca-Cola company had 22 bottling factories that sold cola and Fanta. Although operations in India represented only 1 percent of sales worldwide at that time (Hazarika, 1989).

**Figure 2. 2Coca-Cola Company office in Gurgaon
Haryana**



Source: (Toplist, 2017)

Towards the end of 1992, Coca-Cola returned to India after the Indian government opened the Indian economy to foreign investment in 1991. At that time many companies investing in India including the Coca-Cola company. So officially the Coca-Cola company re-entered on October 24, 1993, The Coca-Cola Company officially began operations in India with the opening of production facilities outside Agra. The Coca-Cola company celebrated their re-entry in India with a colorful convoy of Coca-Cola trucks, uniformed vans and escorts paraded on the streets of Agra, signaling to the second most populous country in the world that the Coca-Cola company has returned to India (khushboosinghal, 2012). In addition, Coca-Cola company set up a branch office in India located in Mumbai, but in 1996, moved to New Delhi. After that, they moved to Gurgaon, which until now remains the headquarters in India. Gurgaon is the center of an industrial city in Haryana (Pant, 2017). Haryana is located in one of the northernmost regions in India and close to the capital city of New Delhi. It is surrounded by Uttar Pradesh in the east, Punjab in the west,

Himachal Pradesh in the north, and Rajasthan in the south. Currently, Haryana is a well-developed industrial area in India. Therefore, many other companies have placed Haryana as their industrial office.

Since Coca-Cola company re-entered India, it has been supporting the bottling operations, both company-owned and locally owned and more than 5,000 Indian distributors and around 2.2 million Coca-Cola retailers. Until now, Coca-Cola is the leading brand in most drinks in India or the world. In India, Coca-Cola consists of several wholly owned or in-house subsidiaries of PT The Coca-Cola Company, namely Coca-Cola India Pvt.Ltd (Private Limited) which produces and sells concentrates and beverage bases for influential bottle makers (Karam, 2013).

On the other hand, with the existence of a Coca-Cola company in India providing direct employment to 25,000 people and indirect jobs more than 150,000 people have a role in operating factories in India, which are around 60 factories. The Coca-Cola company system is implemented in India by contributing from its small side by building a sustainable community through community initiatives such as the Coca-Cola company supporting several schools, Thums Up VEER, Coca-Cola Parivartan, Maaza Unnati and by trying to reduce the impact on their environment own (Coca Cola Journey, 2017). The Coca-Cola company in India quite well after they re-enter India. Besides that, there are also some drinks that were created in India one of them is the juice drink that we know today as the minute maid brand, which beverage belongs to the Coca-Cola company.

Then, the Coca-Cola company in India was led by Venkatesh Kini. Venkatesh has around 25 years of experience, especially in the areas of Sales, Marketing & Management. He was the President of the Coca-Cola

Company Business Unit in the India & Southwest Asia region on July 1, 2012 and became president of the Coca-Cola company in India until April 28, 2017 (Sounak Mitra, 2017). The Coca-Cola company under Venkatesh, the Sprite & Thums Up brand became the brand spotlight largest in India, not only in drinks but in the entire industry. Besides, he also launched the Minute Maid in India and improved the brand in more than 50 countries, mainly around Southwest Asia, which included areas he led with the aim of becoming a global brand that would be worth billions of dollars. Before joining Coca-Cola Company, he worked at ITC & Asian Paints, two of the most respected and well-known companies in India. In addition to working in the social entrepreneurship space, he is also an investor and mentor for startup companies and active environmentalists (India Conference, 2018). In his administration, the Coca-Cola company in India especially in Haryana quite good because his experience in Coca-Cola and other companies did not doubt anymore.