

# Humanizing Growth Series

Javier Meza & Frank van den Driest in conversation



**Javier Meza**



**Frank van den Driest**



**F** Today I'm honored to have with me Javier Meza, the Chief Marketing Officer for the Coca-Cola Company's portfolio of sparkling brands.

Javier, I wanted to start with a simple brand question: What does Coca-Cola really stand for? What do you want people to think when they think about Coca-Cola?

**J** I believe that Coca-Cola is one of the simpler brands to explain, but before going there, it's important to note that there is the Coca-Cola company, and then there is the Coca-Cola brand. They are linked, but not exactly the same, especially since our vision for the Coca-Cola company is to expand the portfolio and into more categories. Coca-Cola is still our most important brand, but we have over 400 other brands across various categories. And that's because the overall purpose of the company is to refresh the world and make a difference.

Let me move onto the brand. The brand is very simple. We believe in what we call the "ladder-up." This means that there's a product benefit, an emotional benefit and a role we want the brand to play in the world and society.

The product benefit is very simple. It is the authentic cola taste. We are the paradigm for taste, and especially for cola taste. Refreshment is another product benefit. Refreshment comes from the carbonation and the taste that is refreshing in your mouth, and the energy kick you get when you drink a Coke. We also have the product benefit of caffeine. This combination of caffeine, refreshment, and the taste gives you a kick. And that kick puts you in a better mood.

The emotional benefit is a mood enhancer. Coca-Cola is a simple moment that puts you in a better mood. And we believe that when people are in a better mood, they are more open to be authentic, to connect to each other, and to remain positive. So at the end of the day, the brand is: taste, refreshment, energy kick, a mood enhancer, authenticity, inclusiveness, and positivity.

**F** That's quite a lot of words for a brand. I'll challenge you to boil it down to three words.

**J** Optimism, upliftment and taste.

## Corporate Social Responsibility and Brand Purpose

**F** Great. Some way or another, we end up with people being confused between CSR and a brand's purpose. Let me ask you, how do you see the two, and how do you explain the difference? Or are they the same thing to you?

**J** Let me park the brand aside for a second, I'll come back to that. Let's start with the company.

I really like the framework from the United Nations with the 17 Sustainable Development Goals. When you look at sustainability in that context, it is economic, social, and environmental. Sustainability encompasses all three of these areas.

In our case, for the company, the purpose articulates that. Our purpose says we want to have loved brands, sustainably produced, for a better shared future for all stakeholders. We do differentiate between the social and environmental, but just for organizing. Within the sustainability agenda we have some pillars. For example, sugar reduction is one of them. The second is water neutrality and helping with water problems. Also packaging waste and our carbon footprint.

On shared value, of course there are pillars regarding our own employees, working rights, empowering communities, and empowering women in social justice. All these areas are highly relevant these days. So, all these areas would be the purpose of the company. The brand has its own purpose that is connected to the purpose of the company, but it's truer to the brand experience that I explained earlier.

So, the purpose of the Coca-Cola brand is about lifting the human spirit towards authenticity, inclusiveness, and positivity. Returning to the explanation that I shared about the brand. They are connected, but it's not exactly the same.

**F** Okay. And then you also have, for example, Fanta in the portfolio. I guess the Fanta purpose is then a different one, right?

**J** That's correct. Each one of our core brands has a purpose that is related to the product experience. Let me explain Fanta. The way we want to build Fanta over time is as playful, fun, and indulgent. From the shape of the bottle, from the colors of the liquid, from the aromas and taste. So, when you drink a Fanta and you drink a Coke, the product experience is different. For Fanta it's more colorful and more flavors, Coca-Cola is just one color, one flavor.

We believe that Fanta triggers a more playful, creative attitude in people. When you're drinking a Fanta, you are more open to be creative and spontaneous. And we believe that creativity and spontaneity have a role to play in people's lives. And we know that in the current crisis, all of us are already looking for ways of keeping motivated, because it's very stressful to keep going these days. So, the purpose of Fanta is this idea of infusing creativity and spontaneity in everyday life. That's it.

### Bringing a Brand to Life

**F** Infusing creativity and spontaneity in everyday life. I'm going to ask my wife, who I just saw struggling with six, two-liter bottles of Fanta, if she thinks drinking a Fanta makes her creative and spontaneous.

**J** That's a good point. The challenge that we have as marketing people is not to just design brands. You need to take that brand design, and make it come to life in the marketplace and in actual experiences for people. Let me give you an example, something that I really think walks the talk when it comes to this idea of Fanta being a creative and playful brand. In Asia, we have a program that we've repeated now for two years. It's called WTF, and it's not what you're thinking. It stands for "What the Fruit?" and it's been very successful.

What we do is offer for a limited time three or four new Fanta flavors without describing the flavor to consumers. For example, we might launch an Orange Fanta that is blue. People will buy a blue drink and say, "Well, this is orange." So, we play with this idea that you go and try and discover by yourself what the Fanta flavor really is. It's a way of giving this playful experience to people.

**F** I have some questions from our viewers. One asks: "Fanta, Sprite, Coke...do they have different target audiences, or is your school of thinking more like: 'Let's go for mass reach, since we don't have loyal consumers anyway.' Or do you think that your loyal consumers are responsible for just a very small part of consumption?" Javier, how do you look at your audience?

**J** Fanta, Sprite and Coke all have different targets for communication, positioning and purpose. The reality is the user base is really widespread. In the case of Coca-Cola, we target for universal appeal. And that's challenging because, if you want to be relevant to the new generations, and have a brand that appeals to both teens and parents, that's not easy to create. It requires a lot of well-articulated thinking, not only in the way we communicate, but also the way we activate the brand in the marketplace.

In the case of the Sprite, we target teenagers. It's more of a brand that plays with values of self-confidence, authenticity and honesty, and that's something relevant for teenagers as they are going through that process of becoming adults and defining their identity. So, self-confidence is the key value for Sprite.

For Fanta the target is teens and young adults. But in reality, Fanta is for the playful at heart. This notion that if you remain playful, you don't age – that's something we want to communicate with Fanta.

### How Brands Can Respond to the Time

**F** So, let's just look at what's happened this past year. We have all obviously been deeply touched by the stands against racism and the calls for more diversity. With a brand like Fanta, how do you respond to what's happening around us – without doing the obligatory thoughts and prayers on social media for a couple of days, and then being mostly quiet?

**J** During the recent social justice crisis, and also during the COVID crisis, the most important question I've been asking myself is how can we truly help people, their community and society? And I believe that, in response to your question, when trying to speak about social justice, Fanta is not going to help. It's not authentic. It's not what Fanta stands for. There's nothing for Fanta to say about this crisis.

The Coca-Cola brand and the Coca-Cola company is a different story, because, as I said before, we want to make a difference and refresh the world.

And we say that the key values of the brand and company are inclusiveness, equality, and optimism. So yes, there's a role for Coca-Cola to play but we didn't try to go fast and speak immediately. In fact, we didn't speak for a couple of days. And even internally there was a good debate asking, "Hey, why are we not speaking?" And the answer was, "Because we are thinking." We were thinking about 'what to do' before 'what to say.' What we did is listen to internal people and talk to experts outside the organization, so they could help guide our actions.

We decided to supply resources to support organizations that are fighting social injustice. And then, once we had decided what to say, we also put out some communication from the Coca-Cola brand. Again, Fanta had nothing to do with this. What I'm trying to say is just speaking doesn't help. You need to act. You need to think how to help and make sure you do that before saying anything.

### Building Brands Across the Globe

**F** I want to shift the conversation to how you manage brands across the globe with such complex portfolios, and in your case over 200 countries. What's your approach to building, creating, and nurturing interdependencies?

**J** For me, the critical piece is how you create interdependencies. How do you make it happen? It has to be a thoughtful process. I have this belief that you cannot create interdependencies or collaboration by goodwill alone; you need to have interdependencies by design. You need to design the organization for collaboration to happen.

Here's a couple of ideas... The first one is you need to be very thoughtful in how you allocate resources, people and money. As you know, scarcity drives creativity. That's a fact. I also know that scarcity drives collaboration. So, the moment you remove resources, you encourage people to collaborate. The second one, I would say, when managing global brands, is to remember that processes matter. Because being super agile, but not coordinated can be very risky for a brand like Coke.

I can give you one example that happened to me three weeks ago. As you can imagine, I woke up in the morning and I already had emails from Asia, Japan, China, all with their latest ideas. One very good proposition from Japan said: "Hey, we would like to explore making our brands label-less. What about removing all the labels from the brands? It's not really a big change in the amount of waste, but this is a good symbolic act, right? We will reduce waste.

I said, "Yeah, that's a good idea, but please don't do it on your own next month. Let's talk about it because, of course, it has to be coordinated. Coke-Cola is, after all, a global brand."

On the other hand, being coordinated, but taking three years to coordinate simply doesn't work. Obviously, you lose in the marketplace. So, my new mantra is 'coordinated agility.' You need to be able to drive coordinated agility. And in my perspective, you achieve that when you connect the network, while at the same time you keep clear decision rights. The problem with networks is when the decision rights are not clear making it take forever to align a point of view.

The last point is, of course, culture and trust. And you need to reward the right behaviors. And by reward, I mean with money, and promotions, by rewarding people publicly who are working in interdependency, not independency.

### Aligning around Vision & Strategy

**F** So, when you think about these points that you just made, and you think about aligning and inspiring people from more than 190 countries behind one vision, how do you make that work? How do you deal with these convictions that things are different in different places? They simply are. And at the same time, they're not.

**J** That's an interesting challenge. Let me split it into 1) vision and 2) strategy, because they are naturally related, but not exactly the same. And here's what I think – marketing people, and especially marketing people in a global role, live in the future. My job is to think three ... even five years ahead, and ask myself: How I do want to see the brands then? If you're the CEO of the company, you'd ask: How do I want to see the company? If you're the president of a country, then the question is: How do I see the country five years from now?

So as a global marketing person, I live into the future. And my job is to try to paint that future to the organization. To paint this idea of the future with 'imagine if.' And if the quality of the thinking is good, it's not that difficult to engage people behind the vision. The discussion is always how to bridge the present and the future — that's the strategy piece. The quality of the vision is going to impact the quality of the inspiration.

I also think it's important for us to understand what it means to do end-to-end brand management, because sometimes I think we over-simplify the notion of brand management. If you ask me, "Javier, who manages the Coca-Cola brand in the Coca-Cola company?" I would say, "Okay, let's open up brand management into its different connecting parts." Because if I see brand managers as only doing brand design activities, which are understanding consumer insights, deep human values, doing the positioning, and the brand architecture, that's just one part of the job.

Then you have brand development activities, which includes creating platforms, creating an innovation pipeline, designing communication, and designing promotions. Then you have the brand activation in the marketplace, which entails deciding on what channels, what price, and what promotional activities.

Brand design, brand development, and brand activation – you really need to map all three activities to two things: the best people and clear decision rights. First, make sure that you put the best people to tackle each piece of work. And the best people could be in different part of the world, so use your networks. When we need to think about brand positioning, we don't do that with the four or five people sitting in Atlanta. We reach to people in the field and involve them. Then you have networks, but with clear decision rights. I've seen that problems most often occur when you don't have the best people, or because the decision rights are not clear.

### Alignment as Ongoing Multilevel Exercise

**F** Quite a few people on the call have questions about the same topic, and that topic is sugar. I want to link it to focus, to creating an aligned set of priorities and actions leading to those priorities. I know you're doing quite a lot to fight obesity and too much sugar intake. But in some countries, maybe in Mexico or other countries, sugar intake is really problematic. And I can see why local brand managers might have different perspectives than the people in Atlanta about pushing zero-sugar products. So, how do you deal with that? How do you align, and how do you respect in that sense the differences in the market? Especially around an important topic, like sugar, which is critical to the future of Coca-Cola. How you deal with that?

**J** Alignment is a never-ending exercise. Don't think, "Oh yeah. We'll meet in January, align the rest of the year, and then meet again in the summer and celebrate." It doesn't happen like that. Alignment and calibration are a constant exercise. That's the first thing.

The second thing is when you need to align, you need be thoughtful of the different levels of alignment. To your point about sugar, the decision of reducing the sugar footprint is something that has to be aligned as a belief loud and clear. Until you have that aligned belief you cannot move to the next stage which is, okay, what actions do we implement? Because otherwise you're going to be discussing the belief again and again. Make sure that you align beliefs before you align programs. And when aligning programs, the most important thing is to align the objective of the program rather than the program itself. The question to ask is, "What are we trying to achieve?" Because I see a lot of times that we lose in the discussions about the how, when I really want to align the *what*.

In the case of sugar, we want to have less calories per liter of product we sell. And to achieve that, we have multiple options depending on the situation of the market. One option is to reduce the sugar in the recipe of the product. Using Mexico as an example, we've reduced 30% of the sugar of Coca-Cola classic. Now you could ask me, "Hey, why don't we do the same in the UK?" In the UK, 60% of the sales of Coca-Cola are already in zero-sugar. In Mexico, 3% of the sales are zero-sugar. Both strategies are okay. We want to reduce sugar in the product, and we want to promote zero-sugar products more and more. And the third option is we want to promote smaller packages. Finally, on every package the total calories are made very visible for consumers. So, we've got four pillars, but we give markets flexibility on which ones to use depending on their local conditions. So, aligning beliefs, aligning objectives, and, of course, we need to align the metrics.

**F** I think there will always be people that say we could do more, and others that say, "Well, we've got a business to run and we're doing quite a bit." Where are you? Are you in the camp that says that you're trying to convince your colleagues to push harder, or are you more in the camp of, "Well, I think we're really proud of what we're achieving and as long as we're ahead of our competitors, I'm okay"?

**J** Look, obesity is a real problem, and unless we solve it, I'm not going to be okay. Can we do more? Yes. What I believe is we need to be willing and open to experimenting with new solutions. If you ask me what we are doing, we are putting more marketing dollars behind zero-sugar products. And it's working. The zero-sugar products in my portfolio have been growing in the double-digits for the last three years. Last year and the year before, more than 50% of the growth of the brands came from zero-sugar. So, people are moving towards zero-sugar. They are drinking less sugar in fact.

## Decision Rights and Trust

**F** From the questions coming up, there are a lot of interest in decision rights. One of the insights I gained from studying many brands in this space is that the clarity of responsibilities is more important than the breadth of the responsibility. In other words: Who decides decision rights? Who creates them? What do you do, and how do you do it to create that clarity in Coke?

**J** Who decides the decision rights ultimately is the senior leadership team: the CEO, COO, and Chief Marketing Officer.

As I emphasized before, I do believe that decision rights are super important. But you mentioned something else, which is *trust*. I believe that you cannot just play on the design and the hardware, you need also to design the software. And by that I mean: don't try to manage a company as complex as the Coca-Cola company with its array of customers, suppliers, and bottlers, by just following a manual. It's not going to work. In my case, our bottlers come out all the time and say, "I don't like your campaign." And it's not easy to say to a bottler, "Hey, here's the manual thank you. Thank you for your input. Now sit down." It doesn't work like that. You need to be more emphatic than that. So, we have decision rights that are clear, but we need to build credibility and trust because that's how life is.

## Training Employees to Embrace the Brand

**F** Here's another question from one of the attendees. "How do you ensure that employees aren't hijacking the brands and using them to communicate their own personal beliefs, versus understanding the breadth of your consumers?"

**J** Let me give you one real example that happened to me. I was leading the Brazil marketing team back in 2014, during the World Cup.

If you remember, Brazil and Argentina were having this big rivalry. After Germany beat the Brazilian team and eliminated them in that famous match ending with a score of 7-1, the next big fear for Brazilians was: What if Argentina wins the World Cup in Maracanã, Rio de Janeiro? That was like a nightmare that they could not let happen.

Four days after being defeated by Germany, every Brazilian was routing for the German team to beat Argentina. Everybody became a German at heart, shouting: "Hey, go, Germany, go."

So, at the end of that match, the score was 1-0 for Germany, and I had people in my team, the ones doing the social media, celebrating with: "Yeah! Argentina must go back home."

When I saw that I said, "Oh my God! These guys don't remember that we're a global brand, that we stand for universal values, and that we make a lot of money in Argentina." This kind of thing happens. How do we ensure it doesn't happen? Training. You need to keep training people.

**F** The last item in the wheel of global brand management is building capabilities, ensuring that successes obviously get rolled out very quickly but, at the same time, that major failures don't get repeated in other places with other brands. Sounds very easy. A lot of books have been written on it. What is the unique Coca-Cola way of building capabilities, and what do you see as your own role in that?

**J** I'm not sure if our way is unique or not. We do a lot of benchmarking and connecting with external people to help us. In the case of capability, we do have a central capability team that connects a network of capability managers.

From a learning point of view, we have a routine. Every two weeks we gather for a morning meeting where we provide the markets with a forum where they can discuss what they're working on in terms of campaigns or programs. For example, Japan might come and say, "Hey, we are working on this campaign." And they would send their campaign to us in advance with the objective that the rest of us might provide feedback.

But this is important... We don't remove the decision rights from the Japan team, unless there is a big problem. If there's a big problem, I'll use the veto power. But usually we don't use that. We encourage the markets to make decisions. The forum is for feedback from the center, but also other markets can see what Japan is doing. And that's also a way to promote learning.

**F** Great. Well, Javier, I want to thank you. This is called the Humanizing Growth Series. You speak very much from the heart, and I thoroughly enjoyed this very human conversation.