

Understanding the Concept of Customer Perceived Value from Both Organizations Perspective and Customers Perspective - A Case Study on Coca Cola

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Abstract: Customer perceived value is important concern for any company and its stakeholders i.e. customers, employees, shareholders, partners, Government and Non-Government agencies. The purpose of this case study is to study the business practices that accounts for consumer protection in various aspect. To study the various aspects of value exchange in business environment, author chooses Coca Cola Company Malaysia. Coca Cola is most consumed beverage and is operating in 200 countries with 1.9 Billion everyday customers. This case study will analyze the company various practices in safeguarding consumer rights by augmenting customer care, its social role in the host country, the advertising ethics in communicating strong and meaningful product information and the consumer privacy concerns. The objective of this case study is to understand the various elements in developing and delivering superior value proposition to ensure a fair return on the purchase. This case study will also through light on the various elements consider important in understanding the concept the customer perceived value from both organization perspective and customer perspective.

Keywords: Customer Perceived Value, Superior Value Proposition, Organization Perspective, Customer Perspective, Business Practices, Coca Cola, Elements of Customer Perceived Value, Customer

1. Introduction

To realize the relationship between buyer rights and business morals, one looks at the end of the day to the Golden Rule. Purchasers hope to be treated with obligingness and regard. In this way, keeping in mind the end goal to hold up deals, business directors give careful consideration to purchaser sentiment surveys, input, and mentalities. This has advanced into fundamental understandings of consumer rights and value perception that have been created over times to energize a positive relationship between business administration and customer demand. Buyers ask for specific returns, from the yearning of honest to goodness and sensible practices in the domain of dealing with a record. Customer want to be secured when accepting to a lease plan or getting a thing off a store rack

which provide a fair return of their purchase. Customer should be guaranteed against any deception and should be authorized to easily report to higher authorities with the help of customer friendly systems. In one way or other customer encounter business deals on daily and expect good return for money that assures emotional, physical and psychological satisfaction regardless of whether we understand it or not. Client would like to pay a sensible cost for fundamental supplies and fuel. Customer envision that our rights will be respected when we visit a doctor's office, and expect great and sensible practices. (Universal Class, 2013).



Fig. 1. Customer perceived value

Customer Value Perception has turned into the broadest utilized idea in developing efficient marketing strategies. It is considered as the fundamental key to support the business particularly in high market rivalry. Thusly understanding its measurements and the impacts on client state of mind and conduct winds up plainly essential for all marketers.(Septa Akbar Aulia, Inda Sukati & Zuraidah Sulaiman, 2016).

A. Company background

1) Coca cola Malaysia

Coca Cola is the world largest and No.1 beverage company with 500 brands. The company name is after its most popular and hard selling brand Coca Cola. The other famous brands in line are Coke Diet, Sprite, Fanta, Coca Cola Zero, PowerAde, Minute Maid etc. Over 1.90 Billion of Coca Cola lovers in 200

countries consume coca cola every day. Coca Cola worldwide is most favorite brand when the consumer choice is soft drink. Along with increasing business and optimizing profits the company is always focused to product development, community improvement and economic uplift of the country to deliver benefits to the purchase.(Coca Cola, 2016).



Fig. 2. Coca cola (share a coke campaign)

Coca Cola all over the world has initiated its new marketing campaign that attracts all its customers and encourages them to share coke with their loved ones. This fun giving activity have augmented the sales and at the gives customer a new enthusiasm. In Malaysia Coca Cola is manufacturing, marketing and distributing around 20 products. All the products are Halal certified because Malaysia is a Muslims Majority country and non Halal food and beverages are prohibited to Muslims in religion of Islam. Coca Cola is global-local Company which means its operations worldwide are in full compliance with local customs, rules and regulations which has increased its acceptance. Coca Cola is also focused to community development of the country by focusing on three area`s i.e. Women, Water and Wellbeing. These area`s completely define the company policy of being socially responsible for the community development and organizational ethical culture. Organizations ethics are developed to safeguard consumer rights. (THE COCA-COLA COMPANY, 2017). 20th century is the era of information and public now is more aware of their rights than ever before. Consumers are masters as it is consumer who decides which business or company should remain in the environment and which should not. Companies exploit customer to generate profits by sometimes playing with their emotions. It has been observed companies also deceit customers by showing misleading advertisement that don't fulfill their needs or sometime charge high prices compared to substitute product. In such conditions it is the customer who is suffering from these unethical practices. These practices are not just harming the customers but also the competitors in the industry. (Tom L. Beauchamp, Norman E. Bowie & Denis Gordon Arnold, 2009)

B. PepsiCo Malaysia

PepsiCo is a world pioneer in expedient snacks, food and refreshments home to a portion of the best cherished and leading brands the world over. PepsiCo in Asia Middle East and Africa is the worldwide development engine, crossing more than 92 differing nations from developing markets to under developed markets. Satisfying its guarantee of being a decent corporate subject, through more effective utilization of land,

vitality, water and bundling in our operations, it keep on delighting 75% of the world's shoppers with its quality, top notch, fun, nutritious and advantageous items. In Malaysia, we PepsiCo have brands, for example, Pepsi, 7-Up, Revive, Gatorade, Mountain Dew, Tropicana Twister, and Lays potato chips. (PepsiCo Sdn. Bhd., 2017)

C. Coca Cola VS Pepsi



Fig. 3. Coke-Pepsi rivalries

Pepsi and coke are both immediate rivals in the market developing strategies to increase their market share regardless of the other local and international soft drink producers. Both have corporate partnerships with various food brands that provide their customers a level of satisfaction with other associated brands like MacDonal'd's and KFC. According to Euro monitor Coca Cola Malaysia remained the main player in carbonates in 2016 with a 47% off-exchange esteem share as the organization's deals achieved MYR 635 Million. On the contrary PepsiCo faced decreased revenues of 8% because of the effect that people are leaving carbonated drinks. The greater part of this contains offers of its solid image Coca-Cola in cola carbonates, despite the fact that it is additionally present in non-cola carbonates with the Fanta and Sprite brands, with each of the three of its real brands enrolling positive esteem development amid 2016. (Euromonitor International, 2018)

D. Elements of customer perceived value

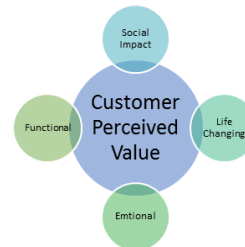


Fig. 4. Elements of customer perceived value

At the point when customers survey a thing, they measure its clear impetus against the cost client is paying. Organizations have all around focused a lot of their time and imperatives around managing their plans, since raising expenses can instantly bolster benefits. Regardless, that is the basic part: Pricing generally speaking contains managing a modestly little plan of numbers, and evaluating investigation and techniques are incredibly created. What purchasers really regard, in any case, can be difficult to tie and rationally obfuscated. In what way organization adequately direct regard or devise ways to deal with pass on a more prominent measure of it, paying little mind to whether practical (minimizing time and cost) or

passionate (decreasing agitation, giving delight)? Diverse fragments in light of research procedures are serious and supportive gadgets, yet they are expected to test customer reactions to one-sided thoughts of critical worth—the thoughts that policy makers are accustomed to judging. Considering new thoughts requires figuring what else clients ought to truly esteem. (Eric Almquist, John Senior and Nicolas Bloch, 2016) The overall product benefits are on each person's preferences are obviously high. However all inclusive building pieces of significant worth do exist, making open doors for organizations to enhance their execution in current markets or enter new markets. A thorough model consumer perceived values enables an organization to think of new mixes of significant value that its products could convey. The right mix of strategies, pay off in more grounded client dedication, more prominent customer readiness to attempt a specific brand, and assures sustainable growth.

2. Coca cola elevating customer perceived value

To ensure the fair practices and consumer protection and product augmentation, the Government of Malaysia enacted "The Consumer Protection Act 1999". The law encompasses to ensure the consumer rights and consumer protection from any misleading practices to ensure satisfactory customer return. Consumer can claim more or less RM10, 000 to companies that deceive them with false commitments or products and services that could be dangerous for their health and environment. There also many autonomous and government led organizations that struggle for consumer rights e.g.

- Ministry of Domestic Trade, Cooperatives and Consumerism
- Federation of Malaysian Consumer Association
- Consumer Association Penang
- Muslim Consumer Association of Malaysia

The purpose of these organizations is to educate the customer and pressurizing the companies to meet the standards of product and services that serves the customer and not damage their interests. (It's Law, 2014). Coca Cola has strict product quality standards across the globe that is why anywhere in the world it has company operated production plants to maintain the quality unlike PepsiCo which is giving licenses to local financiers. Being a global beverages leader Coca Cola has been socially responsible and sometime has face criticism over product quality standards. The reason why Coca Cola sustained and become the market leader is due the fact that Coca Cola is complying with international health standards. The continuous research and development program has helped the company to raise product standards that no other company could compete. Coca cola is strictly following the combination of consumer protection principle. (THE COCA-COLA COMPANY, 2017)

A. Customer care

1) Product safety and quality

Coca Cola is committed to deliver superior product quality

which is not harmful to health and a fair return to the price that customer pay. Every day over 1.6 Billion comes to Coca Cola for refreshment by choosing different brands. Coca Cola has maintained highest standards of product safety and quality to give a fair return to customers. The Integrated Quality Management (IMC) of the company is a system of quality management which strictly comply with the regulations and standards adopted by the company across the globe.

B. Facts and rumors

Big companies face more criticism when comes to product quality and safety. Customer has now easy access to information. The emergence of consumer protection organizations have raised many questions about the products that are harmful or possess any threat to customer health and environment. In 2012, a report by National Institute of Consumption revealed that Coca Cola is using Alcohol in its drinks as a part of ingredients which raised many questions in consumers mind and customer started to think that their favorite brand is deception. But Coca Cola published its report that the traces of Alcohol are very less which can even be found in the natural products like potato, bread, dates vinegar etc. The traces of Alcohol in the company beverages are 0.0048 grams/Kg which is even less than the traces of Alcohol found in potato. (Coca Cola, 2012)

C. Packaging

The packaging of any product is the first thing that consumer or purchased encounter with. But packaging is not the only thing that satisfy consumer. Packaging should mention the complete information about the product. Packaging material should be of fine quality that not contaminated or in any way harm the product. (T. Kotler & Lane Keller, 2011). Few years back Coca Cola faced consumer concerns for the use of Biphenyl A or BPA, a chemical used to increase product shelf life, which the company is using in lining of aluminum cans which is health risk. Since 1986 Coca Cola is using Biphenyl to keep product safe from contamination. Worldwide over 50000 products packaging contain BPA. For the customer satisfaction Coca Cola tested in packaging quality in various international laboratories that verified that BPA in packaging is not any risk to customers. (Coca Cola, 2012)

D. Obesity

Obesity is one of the important concerns when it comes to public health. Food and beverages sector have often been criticized by the consumer protection organizations for increasing rate of obesity especially in the youth. A report by American Heart Association (AHA) revealed that lack of physical activity and increased consumption of junk food in all age groups is the true reason for obesity. Physical activity is necessary in order to control obesity. With the emergence of innovations and technology humans are less exposed to physical activities and exercises due to time constraints. The Mobile phones, internet, indoor video games on one hand

increased human knowledge and awareness but on the other hand it reduces time for other activities among which health is most important. (The Coca Cola Company, 2012)

3. Consumer Protection and Socially Responsible

With passage of time business practices have changed. The practices that not only fulfill consumer needs and demands by generating profits for the organization but also the practices that are non-profitable and organizational share to community development and environmental security. Coca Cola is focused on its “Golden Triangle Rule” which means the partnership of business, government and civil society. The business itself is meant for delivery high quality product at affordable prices, the contribution to the economy by giving tax, creating jobs for the public, engaging local partners for raw materials and initiating programs for public wellbeing.

A. Water for Life

Water is major source of life on Earth. Water is the main ingredient in beverages. Coca cola is strictly focused to the efficient use water. Coca Cola has launched its Water for Life program in partnership with the Forest Research Institute of Malaysia to increase the water reserves for the forests and agriculture. In the State of Sabah, which has often seen water scarcity, Coca Cola has launched its Clean Water for Communities program with Raleigh international to provide clean water to the public of Sabah for drinking. Under this program a well-organized system of sanitation is developed to help the villagers to live in hygienic environment and may not become the victim of disease. More than 20,000 people are getting benefit from this program.(Coca Cola Malaysia, 2017)



Fig. 5. Coca cola water for life

B. Disaster relief and recovery

Coca Cola has developed one the largest distribution system in every target market. This distribution helped it go beyond its duties especially when it comes to social causes. During the times of disasters earthquakes or floods, the victims need medication food and water for their survival. Coca Cola with its resources and distribution networks helped the victims of such disasters across the world in many countries whenever it required. In June 2015 when earthquake hit Sabah and the victims were surrounded with death, Coca Cola along with Malaysia Red Crescent helped the villagers by providing them water and taking them to the safe places. Coca Cola distributed over 500 cartons of DASANI water for the disaster victims. (Coca Cola Malaysia, 2017).



Fig. 6. Disaster reliefs and recovery

C. Women development

Almost half of the population on the planet is filled with female population and Coca Cola vision is to promote this human resource and using their abilities by empowering them. Coca Cola has initiated its worldwide program Women 5by20 to increase the contribution of women in the value chain of company. In Malaysia, Women 5by20 program is named as SURI (Sertai Usahawan Realisasikan Impian). Coca Cola is working closely with Ministry of Women Malaysia and encouraging women entrepreneurs to play their role in country's economy. Coca Cola Vision in Malaysia is to empower 20000 women entrepreneurs by the end of 2020. (Coca Cola Malaysia, 2017)



Fig. 7. Coca cola women development

D. Advertising policy

Advertising refers to the method of communication to reach the target customers. Companies use different sources to reach its customer and address the consumer need in a way that is persuasive and generate sales. While generating sales many companies advertisement commit false promises to the customer. Consider the example of pain killer tablet that a pharmaceutical company claims to be the No.1 pain killer and most recommended by the doctors of certain hospitals. But what about the background fact i.e. the company is selling that particular medicine to respective hospitals at cheap rate than in the market or compared to competitors who are offering the same chemical formula at a bit higher price. Customers are not doctors, may be a usual pain is not what customer thinks and after watching the advertisement assume that particular medicine will work for its immediate remedy. (Universal Class, 2013). Ethical advertising refers to the positive communication between the seller and the buyer that is rational and complete and commit fair promises about the product. Consumer feedback and company response also considered as the ethical practices in business advertisement where customer can ask questions, can complain and even suggest company for the better performance in certain area of interest.

The Coca-Cola Company is flooded with antiquity and convention, where legacy is observed and values are stard. Coca Cola has a worldwide group of individuals cooperating to bring the family a wide cluster of drink decisions to meet

consumer refreshment needs each day. (The Coca-Cola Company, 2016). The Coca-Cola Company is faithful to offering safe, eminent drinks, marketing those refreshments mindfully and giving facts that buyers can trust. The Coca-Cola Company has constantly considered important its dedication to advertise mindfully, over the globe, over all promoting media, and over the greater part of the company products. (The Coca-Cola Company, 2016).



Fig. 8. Advertising

E. Consumer privacy

Client protection measures are actions taken by business associations to guarantee that private client information is not stolen or mishandled. Since most such associations have a solid aggressive force to hold an elite access to these information, and since client trust is normally a high need, most organizations take some security building measures to ensure client privacy. Since they are profit making, business associations additionally can't spend a boundless sum on insurances and stay focused - a business setting tends to extreme protection measures, and to push associations to share information when working in association. This has encouraged to numerous ethical risks and unbelievable client protection breach experiences, and has provoked purchaser security laws in many nations, particularly in the European Union, Australia, New Zealand and Canada. The United States has no such law and depends on corporate client security to guarantee shopper protection when all is said in done. (J. Solove & M. Schwartz, 2015). With the emergence of internet, technology and social media consumer privacy is more vulnerable to unethical practices in the business than ever before. Either its business to business or business to customer, customer want their information must be kept secret. The Coca-Cola Company and its partners are anxious about protection issues and inform customers that how they get customer data, utilize and unveil data. This Privacy Policy depicts the company practices regarding data that it gathers through exercises that connection to this

4. SWOT analysis

A. Strength

- Coca cola has wide range of soft drinks and snacks products operating under Coca Cola Flagship. The famous items are consumed all over the world like Coke, Diet Coke, 100 Plus, Sprite and Fanta.
- Coca Cola is the 3rd most expensive brand in the world with annual revenues of around \$90 Billion.
- Coca Cola has the most sophisticated distribution network across every target market that ensures the

availability of product and streamlines the revenue streams. (Dudovskiy, 2015).

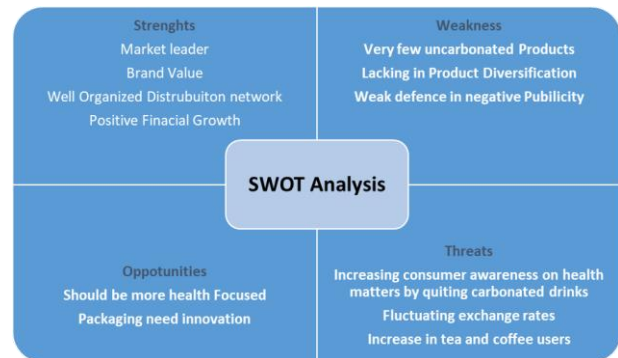


Fig. 9. SWOT analysis

B. Weaknesses

- The immediate rival of Coca Cola is PepsiCo which is present in every market where Coca Cola is operating. The hardcore policies of Coca Cola has somehow gave advantage to competitors just like in India when Coca Cola was forced to leave the country for not agreeing with state Policies.
- The health awareness in customers has convinced more customers to stop using carbonated drinks which can damage health especially in children. Coca Cola should develop non-carbonated drinks to meet the present day challenges. Starbuck has gain much market acceptance because of the fact that customer has reduced the consumption of carbonated drinks.

C. Opportunities

- Coca Cola should enhance its product research and development activities to focus on the matters associated with consumer health. Just like many other social programs it should launch a comprehensive health program for being socially responsible.
- Somehow Coca Cola has adopted the same packaging style for many years. Now it's time to bring innovation in the packaging and labelling of products. "Share a Coke" has got wide acceptance and there is dire need for more such initiative that directly engage customers.
- Coca Cola should look for acquisition so that it might not be victim for market crash. The acquisitions of non-carbonated drinks can surely elevate the financial position of the company. (Dudovskiy, 2015)

D. Threats

- It has been found that customers in developing countries are more conscious about the health. That is why Coca Cola has seen a decrease in the sale carbonated drinks in US.
- PepsiCo being the immediate rival has gained much market share which could be seen as potential loss for

Coca Cola.

- The emergence of Social media has opened new dimensions for the businesses. It has also been observed that rivals associate negative things to defame the company by promoting negative propaganda. Coca Cola must counter these acts to ensure the customer trust. It should legally deal with such notorious activities to keep promoting its positive image.

5. Conclusion

Since it's the fact the sole purpose of business is to generate profit. But the business environment has changed. The emergence of technology and information system helped customer to be aware of their rights when making deal with the companies. The latest concepts in business studies have convinced marketers to make fair deals with prospects to prosper. Those companies who have implemented the value perception have seen sustainable growth. Customer is the key target of the business and any product is made to sell and making profit at the same time assuring customer of a valuable exchange for their time and money. Customer always looks for fair trade and evaluates value propositions. Market competition is another important reason that compelled businesses to hold their customers by offering the products that are good in quality and competitive in price. Due to increased awareness and high expectancy, customer is also attached to companies emotionally because the products and the company role in their environment are important. Customer can easily switch and boycott any product that is putting threat to their environment. The Government and private organization role in developing fair practices in the business that benefit customer and all stakeholders is also major factor that convinced marketers to think out of the box by doing extra not only for their customers but for the whole system. The success of Coca cola is due to the fact of its unmatched product quality all over the world with competitive price ethical and continuous improving business strategies that helped in business growth and sustainability.

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