

Constance, H. & McNeil, D.G., Jr. (1998, May 26). Putting Africa on Coke's Map: Pushing Soft Drinks on a Continent that has Seen Hard, Hard Times. The New York Times, Business, pp. 1,4.

OVERVIEW

Coke has long ignored African markets. In the United States and Mexico, consumption of 8-ounce Cokes reaches over 350 cans per person a year. In Brazil and the Philippines, it is about 130 cans per person per year. South Africa drinks about 75 cans per person each year, and Northern Africa and Western Africa average about 15 cans per person per year.

Mr. Douglas Ivester was named Chief Executive Officer of Coke a few months after he toured Africa. Realizing its population was booming (610 million in 1998; one billion by 2020), Ivester also noted that there is a strong entrepreneurial spirit in Africa. In South Africa, he interviewed an ice cream vendor and forecasted exciting possibilities for small salespersons.

Coca-Cola's African marketing director, Brendan Harris, has wed Coke to soccer and the African Cup. "It's a happy marriage. To be linked with soccer is very good for us; at the same time, we were able to put something back." Coke also re-sods soccer fields and donates goal posts and scoreboards with Coke logos.

At the African Cup Tournament, Coke supplied free soft drinks, telephones, and transportation to officials and reporters. Because most African television stations have little money to send their own reporters to these popular games, Coke contracted with a Nairobi broadcaster to report two-minute features given free to stations—compliments of Coke.

Coca Cola never really honored the sanctions against South Africa during the Apartheid era. They did pull out of South Africa, but they placed the operations of its syrup plant in bordering Swaziland. Pepsi honored the boycott, and has now found itself unable to move back into South Africa. In fact, Pepsi is sold in only eleven African countries. Its strongest presence is in Uganda, where it holds 50% of the market; it is also strong in Ethiopia and Nigeria.

Coke's goal in Africa is to double its sales in the next five years. It sold 712

million cases in 1997 and installed an estimated 50,000 coolers and refrigerators. Orange Farm, a shantytown outside Johannesburg which only recently obtained electricity, is home to "spaza shops" run out of tin and cinderblock shanties. Meshack Malindi, a distributor in [Orange Farm](#), worked hard to show double-digit sales growth, in order to win a free trip to the World Cup in France in the summer of 1998. Coca-Cola is clearly motivating its employees to reach the company's business goal.

Coca Cola has been available in South Africa for 60 years, and 30 years in West Africa. In the town of Barjesus (in war-torn Angola), officials are looking forward to the construction of a \$30 million dollar Coke bottling plant. In fact, a \$34 million plant is already operating in Ghana. Yet only recently have the underdeveloped markets of Africa become priority status for Coca Cola and other companies. As Mr. Ivester told the 1998 [World Economic Forum](#) in Davos, Switzerland, " 'To be very candid, Africa has not historically been a real priority for the Coca Cola Company. But over the past two years, we have come to a very different perspective.' "

Africans drink far more water, fruit juice, and soda than Europeans and Americans, and they can buy Coke for 20 to 80 cents. Beverage analyst Andrew Conway describes the African soft drink market as " 'grossly underdeveloped with some very large populations.' "

Critics not only resent the power of multinationals, but also object to doubling the consumption of non-nutritive beverages flowing with sugar-water and chemical additives. What does Coke say to this? Mr. Ivester claims to have personally researched this matter:

Actually our product (Coca Cola) is quite healthy. Fluid replenishment is a key to health, and when you have a population that has appropriate fluid intake, what you find is they have a lot less kidney problems and kidney disease.

David Sanders is a professor of public health at [South Africa's University of the Western Cape](#). He is undoubtedly more objective about the matter:

The direct adverse public health effect (to drinking more Coke) is mostly on teeth. As for indirect effects—it's an inefficient use of low income. If people are encouraged to spend some of their meager incomes on empty calories, they won't have money to spend on more

nutritious foods.

The writers of this article sum up the matter in these words:

Coca Cola prides itself on promoting entrepreneurship, which the continent badly needs. A hawker who can raise \$7 to buy a case can sell it quickly on a hot day and re-invest the profits in more. S'bu Mngadi, chief spokesman for Coca Cola Southern Africa, pointed proudly to the [Kunene brothers](#) of Mpumalanga, South Africa, who started out as spaza shop owners selling Coke and now own a multimillion-dollar bottling business.

Coke does charitable work in Africa, paying more mobile clinics and college scholarships to the tune of about \$7 million a year, Mr. Mngadi said, although Professor Sanders dismissed that amount as "peanuts" relative to its sales. Still, Coke's per-case profit margins are lower in Africa than in many other parts of the world. One analyst, Emanuel Goldman of [Paine Webber](#), estimates profit in the region at about 24 cents a case in 1997, up 5% over 1996 but still only two-thirds of the company average.

QUESTIONS FOR REFLECTION AND DISCUSSION

- Are you for Coke or Pepsi or neither? Why?
- What impresses you most in this article? Do you strongly agree or disagree with anything above?
- How might ideas from this article be applied to youth work?
- What does this article show about the importance of research? To business, for general understanding and politics, and to youth work?

IMPLICATIONS

- Non-profit organizations and youth workers have much to learn from marketing and business. We need to find the research, to understand population and economic trends, and to see how the possibilities of entrepreneurship.
- Small businesses may be the only way to support relational youth work in some places. The main problem is that small businesses take an unusual person, usually not the same type as those who are the

best youth workers, and businesses are so time-consuming they allow no time for service to youth. The best arrangement would be for a successful business person to sponsor relational youth work.

- Youth workers and teachers should also have opinions about multi-national activities and how the real good of a country, especially poor people, can be sacrificed for profits, most of which leave that nation.

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