

Coca-Cola aims to lure consumers with mini-can

By Atlanta Journal-Constitution, adapted by Newsela staff on 04.22.16

Word Count **871**



A 7.5-ounce can of Coca-Cola (right) stands next to a 12-ounce can, Jan. 12, 2015. Photo: AP/Matt Rourke

ATLANTA, Ga. — Coca-Cola's Super Bowl ad this year featured Ant-Man and The Incredible Hulk battling for a mini-can of soda.

After a lot of twists and turns, the two comic book characters — one extra big, the other extra small — are satisfied by the same 7.5-ounce drink.

What the ad didn't say is that the two superheroes also paid much more per ounce for the downsized drink.

Regular cans vs. Mini-cans



	<u>12-ounce can</u>	<u>7.5-ounce mini-cans</u>
Calories	140	90
Sugar	39 grams	25 grams
Sodium	45 milligrams	30 milligrams
Total carbs	39 grams	25 grams
Price per ounce	2.6 cents	5.3 cents

Mini-Cans Offer An Alternative

The mini-cans are part of Coke's plan to win back consumers. Selling smaller amounts of soda but getting more money from each sale has become a cornerstone of Coke's strategy to get them back.

The mini-cans were launched seven years ago as the debate about obesity in America became more heated. Sales of the mini-cans and bottles have been a hit for Coke, growing double digits over the last three years and increasing 15 percent in the first five months of 2015.

The mini-cans are now competing with 12-ounce cans and 2-liter bottles for grocery shelf space. Originally rolled out in Coke and Diet Coke versions, several different soda brands owned by Coca-Cola now come in small bottles or cans, including Sprite, Fanta Orange soda and Seagram's Ginger Ale.

More importantly, the sale of the mini-cans is driving sales, according to Sandy Douglas, who is president of Coca-Cola in North America.

While the mini-cans have 30 percent less volume, they have increased Coke's revenue, or sales, Douglas said at a conference in November.

Reduced Size Helps Company Stock Soar

Owners of shares in Coca-Cola stock are no doubt impressed. The mini-cans — a cornerstone of the company's strategy — has made the company's stock price soar for the last seven years. But not everyone is happy.

Michael Jacobson, president of the health advocacy group Center for Science in the Public Interest, said the potential harms of a 12-ounce can are lower. Coke mini is less likely to give consumers diabetes and tooth decay because the packaging is smaller.

Still, he worries some people who don't drink sodas may be tempted to give the mini-can a try because of its size.

"I don't know how this is going to shake out, but we should know soon as the popularity increases," he said. He urged Coke and its rival Pepsi to reduce other soda sizes, including the 2-liter bottle and 12-ounce can.

The financial improvements brought by mini-cans come at a tough time for the soft drink industry. It has seen its volume — the measure it has used for generations to gauge success — fall every year in North America for the past decade. Americans, given more choices in teas, coffee and water, have pulled back on drinking sodas.

A poll last year found that 6 in 10 U.S. adults said they were trying to avoid soft drinks. Diet Coke, once a popular alternative for people who wanted the Coke taste without the calories, has also fallen on hard times. Its sales slumped 5 percent in the fourth quarter of 2015. Growth in Coke Zero sales has helped soften the blow.

Concerns About The Health Effects Of Soda

At the same time, the industry is facing pressure from local governments around the country that are concerned about the impact of soda on health. They are pushing for taxes on sugary drinks. There was a failed attempt to regulate drink portions in New York movie theaters, restaurants and stadiums. Health experts have also attempted to link obesity and sodas.

Coke became involved in a major controversy last year. Newspaper reports in August found the company funded a University of Colorado "scientific" group that said Americans are getting fatter because of a lack of physical fitness — not sugary drinks. Coke cut ties to the group and the organization later shut down.

Through its mini-cans, Coke has found a way to offset the damage and make money despite its decline in popularity, experts say.

People are willing to pay more for smaller cans or bottles because of their convenience. They also allow consumers to control how much soda they drink, said Duane Stanford, who works at a beverage magazine.

“The mini-can also is bringing back some consumers who see soft drinks as more of an indulgence,” Stanford said.

Company Changes Its Approach

And it has changed the way Coke calculates its business, although slowly. The company still uses volume as its principal way of measuring its growth, reporting in February that volume for soft drinks in North America, the company's biggest market, grew 2 percent in the fourth quarter of 2015. Volume for the year was flat.

But increasingly Coke is reporting how much money the company makes on each purchase — to tout its financial well-being.

“The past focus of both our company and the industry was how many gallons were sold,” Douglas said. “That’s not a good approach for anticipating and meeting consumer needs in a world exploding with choices.”

Douglas told the audience at the conference that mini-cans and 8-ounce glass and aluminum bottles are popular with all demographics, but especially upper-income consumers and mothers.

“Moms want to treat their kids, but they don’t want them to have too much,” he said. “They want to be in control, and these packages give them control.”

Quiz

- 1 Which of the following sentences from the article BEST develops a central idea?
- (A) Selling smaller amounts of soda but getting more money from each sale has become a cornerstone of Coke's strategy to get them back.
 - (B) Michael Jacobson, president of the health advocacy group Center for Science in the Public Interest, said the potential harms of a 12-ounce can are lower.
 - (C) Diet Coke, once a popular alternative for people who wanted the Coke taste without the calories, has also fallen on hard times.
 - (D) Newspaper reports in August found the company funded a University of Colorado "scientific" group that said Americans are getting fatter because of a lack of physical fitness — not sugary drinks.
- 2 Which of the following provides the BEST summary of the article?
- (A) Because of the decreased popularity of sodas, Coca-Cola has launched studies in partnership with the University of Colorado to link obesity to factors other than sugary drinks.
 - (B) Because of the added focus on upper-income consumers, especially mothers, Coca-Cola is now shifting to provide mini cans instead of 2-liter bottles and 12 ounce cans.
 - (C) Due to falling sales and increasing awareness about the adverse health effects of soda, Coca-Cola has changed its business strategy, focusing on smaller cans sold for higher revenue.
 - (D) Due to the increased number of Americans choosing tea, water and coffee drinks over soda, Coca-Cola is changing its business approach and no longer measuring gallons of soft drink sold.
- 3 Look at the chart "Regular cans vs. mini-cans." Which statement from the article is BEST illustrated by the chart?
- (A) Sales of the mini-cans and bottles have been a hit for Coke, growing by double digits over the last three years and increasing 15 percent in the first five months of 2015.
 - (B) While the mini-cans have 30 percent less volume, they have increased Coke's revenue, or sales, Douglas said at a conference in November.
 - (C) He urged Coke and its rival Pepsi to reduce other soda sizes, including the 2-liter bottle and 12-ounce can.
 - (D) Through its mini-cans, Coke has found a way to offset the damage and make money despite its decline in popularity, experts say.

4 Look at the chart "Regular cans vs. mini-cans."

What is one advantage of including the chart with the article?

- (A) It shows why the regular cans are no longer as popular as they once were.
- (B) It explains the reasons why the mini-cans have become more popular over time.
- (C) It helps readers compare nutritional information between the two cans.
- (D) It shows that Coke is still cheaper than most other types of soda.

Answer Key

- 1 Which of the following sentences from the article BEST develops a central idea?
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