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Extending the Life of Coca-Cola

Adding a healthier Coke to a line of brands already positioned to be "better for you" could be a winning formula.

Coca-Cola recently launched "Coca-Cola Life" in Argentina and Chile and the green bottles and cans are due to debut in Europe in 2014. Why a new product line extension, with risks of cannibalisation? The "marketing textbook" answer is that product line extensions can recruit new consumers and increase the brand's market share. However, line extensions are supposed to bring variety to consumers, whereas Life is Coca-Cola's third "better for you" extension after Coke Light and Coke Zero.

Eight years ago, Coca-Cola debuted "Zero", a zero sugar extension. The purpose was not only to improve the taste of ageing Coca-Cola Light, but also to target males with TV commercials and sponsoring featuring NASCAR racing, basketball and football stars, not to mention alpha male James Bond. Why? Because men don't drink Coke Light. Coke Zero for weight-conscious men, Coke Light for weight-conscious women, and standard Coke for everyone else. But "everyone else" is still a too broad segment, so here comes Coca-Cola Life.

Coca-Cola Life's calorie content (36 cal per 200 ml) is just in-between standard Coke and Coke Zero. There has been a recent wave of mid-calorie sodas such as Pepsi Next and Dr Pepper TEN with relative success. But Coca-Cola Life brings an additional argument: nature. Coke Life is packaged in a fully-recyclable plant-based bottle and it uses a "natural" sweetener, stevia, instead of scary-sounding aspartame and acesulfame potassium found in Zero and Light. Less gender-targeted than its cousins Zero and Light, the Argentine TV commercial for Coke Life, which has quickly gone viral, features an urban and affluent young couple drinking Coke Life while experiencing the joys and pains of early parenthood. Life is for families, and it targets health-conscious rather than weight-conscious consumers.

Health labels such as those used by Coke Life have a powerful impact on consumers' product perception (from symbolic to physical perception), as though health claims put an angel halo on the product. Research has shown that consumers generally underestimate calories and infer unrelated health benefits from products with such labels. This misperception can even lead consumers to consume larger quantities of health-labelled products, to the extent of ingesting more calories when a health label is present than when it is absent. One reason for this overconsumption of products claimed to be healthy is that such claims alleviate consumers' guilty feelings. Hence, Coke Life's natural sweetener and recyclable bottles may be perceived as real "licenses to sin".

Introducing a new "healthy" extension to a product line can also alter the perception of the other products of the line. It is possible that Coke Life polarises consumers' perceptions of existing Coca-Cola products, and that standard Coke, Coke Zero and Coke Light suffer from damageable contrast effects. Indeed, if Life is perceived as the healthy option of the product line, then standard Coke, Zero and Light may be perceived as even unhealthier than they were before Life was introduced. But on the other hand, it is also arguable that Coke Life's health halo illuminates the whole Coca-Cola brand, indirectly benefitting the other Coca-Cola products. In fact, consumers do not seem to be put off by brands' contradictions, such as McDonald's which makes a red and a green logo coexist , as well as 500+ calorie burgers and downsized fries portions in Happy Meals.

Still, there is a great overlap between the positioning of three "better for you" Coca-Cola products. While maintaining different products with overlapping consumer segments is very costly, competition within a product line contributes to making a brand live (and survive), even when new products are discontinued after a couple of years (e.g. Coca-Cola Bl⊠k, Vanilla Coke). Coca-Cola learnt the lesson the hard way, when it tried to replace the standard Coca-Cola by "New Coke" in the eighties, leading to one of the juiciest cases of marketing failure.

The moral of the story: keeping the fizz in a winning product often means adding variety, not pouring more into what already works.

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