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The Coca-Cola Co. (KO)

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CORPORATE PARTICIPANTS

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

OTHER PARTICIPANTS

Peter Grom

Analyst, UBS Securities LLC

MANAGEMENT DISCUSSION SECTION

Peter Grom

Analyst, UBS Securities LLC

Thank you, Peter. And good morning, everyone, and welcome to Day 2 of the UBS Global and Consumer Retail Conference here in New York. My name is Peter Grom. I'm the UBS US Beverage House and Household Products Analyst. And we are very excited to have joining us this morning from the Coca-Cola Company, Executive Vice President and President of the North America Operating Unit, Jennifer Mann. Over the past several years, there has been a clear shift in terms of how the Coca-Cola Company has thought about growth. And during that time, we have seen consistent organic revenue growth at the high end or above the long-term algorithm with consistent US dollar EPS growth. Even as category growth rates show signs of normalization, Coke continues to deliver best-in-class growth, clearly suggesting that the category – or the strategy has and is working.

Before we start, I'm required to read a legal disclaimer. As a research analyst, I'm required to provide certain disclosures relating to the nature of my own relationship and that of UBS with any company on which I express a view on this call today. These disclosures are available at www.ubs.com/disclosures. Alternatively, please reach out to me and I can provide them to you after the call.

So, with that, all right, let's get started.

So, Jennifer, thank you so much for joining us this morning.

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

Thank you.

QUESTION AND ANSWER SECTION

Peter Grom

Analyst, UBS Securities LLC

Q

I was wondering if we could start by reflecting a bit on your journey at Coca-Cola. You've had a variety of different roles throughout the years. You've been in the role as the president of North America for almost a year and a half. Reflecting back on your journey, what experiences and perhaps learnings have you taken and applied to your role in North America?

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

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Thanks. Well, thanks for having me, Peter. So great to be here with everybody. Good morning. I know this is an early session, so it's great to see so many friends and colleagues and investors here in the audience. So maybe let me tell the story a little bit in my career experience at Coke and then a little bit about the North American journey that we're on.

So I've been with Coke for 27 years. The first decade was rotating through a lot of jobs in our North America division. So I had customer-facing roles. I did strategy and marketing. I then spent a few years in our – on the bottling side of our business in North America. And then I did a decade of global jobs. I was Chief of Staff to James Quincey. I was our Global Chief People Officer. I've also run our global Freestyle business. And then I spent four years running Global Ventures, which was a new division of the company that we set up to house the businesses that we had fully acquired like Costa Coffee. And also manage our equity investment in Monster Energy. So I've had the wonderful opportunity to do a variety of things inside of Coke. I feel like I've had kind of three or four big pivots in my career that have given me a number of experiences that I'm now building on.

As a pivot into North America, yes, I've been in the role for 18 months now. Let me tell you a little bit about that journey. When I came to North America, obviously, the business had been performing and the results were good in the marketplace. But we were in an organizational construct that was very complex for our people and our bottling partners to operate within.

And so, I first started by just going on a listening tour, understanding what our constituents needs were and how we could partner better going forward. The feedback from the constituents, bottling partners, customers, our employees was very consistent and that the org structure was complex and we needed to make a change. And so, not your favorite thing to do when you're new in a role. But we did go through quite a major restructure to reorganize by route to market. And so, we put our bottlers delivered business back together. We put our foodservice in on-premise, customer business back together. And then we created a new division of North America for nutrition. And that really houses all of our juice, juice drinks and our dairy businesses. And so, for me, the proof is in the results. 2023, we delivered what we needed to for the corporation and for our investors. We also increased our employee engagement. And so, I'm very happy to say that we're building on a good foundation now as we go into 2024.

Peter Grom

Analyst, UBS Securities LLC

Q

Now, that's really helpful. And I want to build on that a little bit. Could you – one of your first priorities, as you mentioned, was to tweak the zone structure back to more route to market focus organization. You kind of touched

on this, but could you walk through the different business models you manage under North America? And why does North America look different and what's the growth opportunity for each business?

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

A

Sure. And I get that question a lot. I think one of the things we tried to do within the restructure was really acknowledge the parts of our business that are like the rest of the Coca-Cola business around the world. And then recognize and respect the parts that are different. So let me talk through three of the segments of the business.

The first part is our bottler-delivered business. This is very similar to all the other operating units within Coca-Cola globally. We're manufacturing concentrate, selling that to our bottling partners. We do the marketing. We jointly do the revenue growth management with our bottling partners, and then they execute in the marketplace. So there's a very tight connection on the commercial plans and how the execution actually takes place in the customer retailer outlets. So that part of the business is very similar to the rest of the world.

There are two parts that I'm going to talk about now that are very different, that are end-to-end businesses that Coca-Cola North America manages directly. The first one is our foodservice and on-premise business. This is where you think of your national quick service restaurants, your sit-down restaurants, theaters, theme parks, all of the travel hotels, airlines, et cetera. So, really, that kind of away-from-home business. And then that segment of the business, we manage the customers directly and then we work with those customers to think about multi-year plans, how we're going to help drive traffic into their outlets and help increase beverage incidents of their business. And that part of the business is end-to-end. So we have it from sort manufacturing all the way to the customer outlet.

And then the third part of the business is what I was talking about earlier, our nutrition division. And in this case, again, we own the relationship with the retailer. We're typically calling on the chilled buyer inside of a grocer for our juice and our dairy businesses. And those businesses are delivered – their products are delivered through chilled distribution, typically by food wholesalers. So very different models. I think what's been important for us is to respect the differences and the needs of those. And what we focus on in last year, along with a restructure, was really reinvesting in those businesses for what the specific needs were. And again, I think the feedback we're getting from partners, whether it's bottling partners or customers, is really positive about the change.

Peter Grom

Analyst, UBS Securities LLC

Q

That's great. Maybe shifting gears to the consumer here in the US, during earnings, James talked about certain consumers in North America seeking value. But at the same time, you also talked about the strong momentum in your away-from-home business. So could you maybe unpack the latest consumer outlook, what you're seeing within your respective channels and how you're responding accordingly?

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

A

Sure. I think the – to talk about the consumer has been on everybody's mind, right. I think we've all been waiting for something big to happen over the last couple of years. For us in North America, the consumer at whole has been very resilient. Certainly, we all know that a lower income consumer is under more pressure. And we have taken steps to really meet that consumer where they are. And a couple of examples of that, we launched over the last couple of years some new value, some affordable packages, both in convenience retail and in grocery. So we

have our 1.25 liter that we launched in grocery. Again, this is like at a great price points of mom is shopping the grocery store, she's buying the rotisserie chicken. We've got a 1.25 liter, that's a multi-serves you can take home to the family. And then we also launched a 16-ounce in convenience retail. And this has been a great kind of a recruitment pack for us as we get into convenience retail, again, at the right price point.

So we're thinking about leveraging our revenue growth management strategies to really meet the consumer with affordable solutions as we go forward. And again, I think the proof in our business is that we've been able to hold volume and grow transactions even in spite of all the inflationary pressure.

Peter Grom

Analyst, UBS Securities LLC

Q

That's great. Kind of make me thirsty with all these drinks up here. But maybe as a quick follow-up. Just from the volume perspective, what will be the drivers needed to realize positive volume growth in 2024, but also longer term? And this has been a big topic this week. But how should we be thinking about top line composition as inflation moderates?

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

A

Yeah, I think for us at Coca-Cola and again specifically in North America, you can expect a more balanced equation of top line growth from us over time. Again, I'm very encouraged that we were able to hold volume in 2023 and grow transactions. For me, growing transactions is the most important objective. We're trying to recruit more drinkers into our portfolio. And so making sure, again, that we're meeting the consumer where they are, whether that some of the value and affordable solutions I just shared or think about premium solutions like Topo Chico or Coke de Mexico that are on the premium side. We're constantly looking at how can we expand the affordable to the premium solution set. And I think the equation for us that's been working is growing our revenue faster than transactions and transactions faster than volume. So that's the journey that we're on. And again, we're building off of momentum from 2023.

Peter Grom

Analyst, UBS Securities LLC

Q

That's great. And maybe shifting gears to margins, tremendous performance of late and especially North America now almost in line with the total company average. What has been the driver of this improvement and kind of continue?

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

A

Yeah, it's a great question. I think – again, let me give a little bit of context. I think it's a journey that the company has been on globally around improving operating margins. And I think we've seen the proof across the board. And North America specifically, thank you for recognizing it, I mean, we've had a step up. We've done and used a lot of our levers, whether that's supply chain efficiencies or just the strength of our brands and being able to earn the price with the retailer and the consumer. And also thinking about the marketing transformation that we've been under, that has in itself driven a lot of both efficiency and effectiveness, and those continue to be levers that we have in the business. What I would tell you as an expectation is not to expect another big step up, but to expect us to really work that algorithm of growing revenue, growing transactions, and growing volume, and having a more balanced equation. And we're going to continue to focus on improving margins over time.

Peter Grom

Analyst, UBS Securities LLC

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Great. And so, I kind of want to go visit some of the commentary that we heard last month at CAGNY. It was kind of the power of the total beverage portfolio at Coca-Cola. And many of the bright spots mentioned down in Florida really centered on North America. So I'd love to take a few minutes just perhaps walk around the portfolio with the North America specific lens and just kind of hear your thoughts, your top priorities, et cetera. And I want to start with sparkling, James touched on the increase in the Coca-Cola global brand value, the recent success of Sprite, Fanta. What should we expect from sparkling moving forward? And then within that, are there any signs of success, especially within – with Gen Z consumers that you can share?

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

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Sure. Again, something I'm very proud of. Back in 2016, 2017, when we refreshed the company strategy overall, we started talking about becoming a total beverage company. And North America has certainly been on that journey with a lot of proof points. 60% of our revenue in North America is already from our sales portfolio. So, I'll start with sparkling, but I think sparkling in itself is a great story. We have grown both retail value and volume and value share over the last five years. We've really reinvigorated the sparkling category and some great examples. I mean, we've got – we're making Coke cool again. We grew brand Coke last year. We grew Coke Zero for – double-digits for the fourth or fifth year in a row. Sprite is the number one brand in the US for Gen Z. And maybe I'll use Fanta as an example of how we think about our flywheel of thinking about our brand in totality.

So, for Fanta, we went through what we call a renovation of this brand in the last 12 months. We had a new formula; we have new graphics. So we had kind of a new opportunity to relaunch the brand. We also focused on Fanta with Fanta Zero. So from a product perspective, we really put out a better formula, better tasting product, and a new image for the brand.

And then on the marketing front, we launched a new campaign. It was What The Fanta that had a lot of mystery flavors that you could go search for and drink and tell us what you thought the flavor was. So, a new campaign. And then from an RGM perspective, this year we're launching a new six-pack of 12-ounce PET in the value channel because one of the things we heard, again, from value consumers in the value channel is we want variety, so we want to see Fanta and Sprite. And so we're creating that new pack this year to rollout, which is an example within RGM.

And then on execution. Our bottling partners have been great about going out and helping us create retail theater. And so, if you go into your grocery store this Halloween, you're going to see once again that we're taking over Halloween with Fanta and What The Fanta. So that's probably a good example of how we think about the flywheel from product to marketing to RGM and to the final execution.

Peter Grom

Analyst, UBS Securities LLC

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Sounds like a good research note title in the future for me. So, moving to other categories, there's been a lot of mention of the good to success, but there's some areas that maybe have not – have gone according to plan. So you've done tremendously well with fairlife, you mentioned that, and you've been pretty candid about the BODYARMOR stabilization that's taking longer than you would like. So, could you maybe just talk about your top priorities for this year, but also longer term?

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

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Sure. So I think, again, overall in stills, we're really pleased that we're making progress in getting the stills portfolio to be such a big part of our revenue plan. Maybe let me break stills down into three parts. I'll start with sports, and then talk about fairlife, and then talk about some of our premium hydration.

So, first on sports. Yes, last summer, I definitely talked about not being satisfied with where we were with the BODYARMOR integration. When I came into the business, we were going through our first year of integration of that team and that brand into the Coca-Cola portfolio. And we just weren't delivering yet what we knew the brand potential was. And so, the team has developed a really clear action plan, and that's what we're working now. And I can take you through some of the highlights of that. The first thing we did was we put Powerade and BODYARMOR together under one Sports CEO so that they can focus on sports. They get up every day and think about the sports category and growing both of those brands to their potential.

The second thing we did was think about the innovation pipeline. We were behind in some of the new growth areas. And so the team did some really quick work. You've seen us launch Flash I.V. in the square bottle. We have Flash I.V. in the sticks. These are really incremental, both for our retailers and our bottling partners. We've also had really good success with BODYARMOR SportWater. It's one of the fastest growing premium waters in the category. And then this year we just launched BODYARMOR ZERO as a platform, and you're going to see that in grocery and CR. It's starting to rollout now. So I'm very pleased with the progress on the innovation portfolio.

And then the last thing that we did was we relaunched the campaign. We really hadn't talked to the consumer about the ingredients in the BODYARMOR products, and we have real ingredients. And so you'll see on air now Nothing is More Real as a campaign to really talk to the consumer about the all-natural ingredients inside the products. So we're on a mission. We've got a clear action plan. We're making progress. That's where we are on sports.

If I turn to fairlife, we've been on this journey with fairlife – both Coca-Cola and fairlife together for almost a decade now. And it's just been a tremendous growth story. Nine years of double-digit growth. We've had significant market share gains in the last couple of years. I think we've done a good job, again, of innovation. We've got not only the core dairy products, but we've also innovated with core power and with something called nutrition plan, which you can use as a meal replacement. It's 150-calorie beverage with lots of nutrients, low sugar, low carbs. So I think the innovation pipeline has been really good. And for fairlife right now, what we're looking for is more capacity. So, we're actually in the process of building a new plant in upstate New York that we announced recently. I'm very excited about that coming online to give us some more capacity.

And then, lastly, let me talk about our kind of our hydration – our premium hydration portfolio. So that I think smartwater, Gold Peak Tea, vitaminwater, Topo Chico, sparkling water. And again, great success. I mean, we're really interested in the more premium space for hydration. And all of those brands that I just mentioned grew in 2023 and have given us a good foundation for 2024. So, for me, we've got a robust portfolio across sparkling. We've got work to do. And stills, obviously, with what I talked about in sports, continuation of fairlife and premium. So I think we've got a robust portfolio to talk about.

Peter Grom

Analyst, UBS Securities LLC

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That's great. Maybe just rounding it out with alcohol.

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

Sure.

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Peter Grom

Analyst, UBS Securities LLC

Yeah. How is Jack & Coke and the rest of the portfolio performing? And really, what should we make of this Red Tree announcement? How big do you think this opportunity can be longer term?

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Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

Yeah. So the alcohol space for us in North America is really interesting. First of all, it's still very small part of our business. And I would say we're at the learning, still experimenting phase. We've got multiple alcohol manufacturing partners that we're working with and we're learning from each of them. Some examples of that are, if you think about hard seltzers, for example, we're learning, okay, what needs to be the course that's there for hard seltzer and what needs to be the innovative products that we're going to rotate through? We're also learning consumers that were already mixing beverages like a Jack and a Coke or Simply and vodka, those products are doing much better in the portfolio as we're making something that the consumer was already mixing just more available and convenient for them. So I think it's early days for us in alcohol.

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Red Tree is a subsidiary that we set up just to ensure that we're really keeping separated inside of the Coca-Cola Company, our alcohol versus our non-alcohol parts of the business. So there's really no change there for us in terms of strategy. It just gives us a very clean structure to operate.

Peter Grom

Analyst, UBS Securities LLC

Great. Well, maybe shifting gears to marketing. So just across your entire portfolio, can you maybe just touch on how you're approaching marketing differently today?

Q

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

Sure. I think on the marketing and the innovation front, we've made some substantial changes. I'll start with marketing and you all have heard us as we've talked about it globally, we've been on a transformation in marketing over the last three to four years and there really a couple of big areas of focus. The first was we went through and reassessed the entire portfolio. So, we used to talk a lot about having 500 brands, but all of those brands were not delivering equally. And so, we now have about 250 brands in the portfolio and we're much more focused on the brands that can deliver revenue and profit. So that's the first thing that we did.

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The second thing we've done is partnered with WPP, which, as far as I know, is the first in the world attempt to really rethink the entire marketing agency approach. And so, in each of our operating units in Coca-Cola, we now have a marketing hub called StudioX that's embedded inside of our operating unit and works with our marketing teams to really drive new capabilities and speed to market on ideas. And that's very exciting, it's unlocking a lot of new potential for us in the way that we market.

And then the third thing that we've done is we've been on a journey to really change how we spend our dollars in terms of DME. If you said like three years ago, we were spending less than 30% of our DME in digital format. And today, in North America, that's over 70%. So we've really been on a huge journey to get from traditional marketing

to more of a digital marketing approach. And for us, that's really unlocking a better way to segment how we talk to consumers and have much more effective communications with them, much more segmented and effective communications. So very excited about the marketing transformation.

I mean, some of the examples for us in North America that have come from that, you may have seen at the first of the year we had an advertisement called New Guy, which is all about – all of us have had an experience where we were the new person in the room, a new person with a friend group, new person introduced to the family. But inside of that ad, we really highlighted multiple brands within our portfolio, which we've never done before. We typically create an ad for one brand, one purpose. So that was a really interesting entrée into us seeing how can we market the portfolio in a new way.

The other example I would share with you is what we're doing with our bottling partners inside of retailers. We're creating theater. So if you go out into your grocery stores right now, you'll see us with a huge display around March Madness. And again, we're taking a portfolio approach to market our brands as people are shopping and thinking about watching their favorite basketball team play in the next few weeks. We want to make sure that they've got their favorite Coca-Cola product with them. So we're taking a portfolio approach on that as well. I'm very excited about what we're doing around our creative in terms of retail theater. We want to have one of merchandise pieces out there that people would want to go steal and take home.

Peter Grom

Analyst, UBS Securities LLC

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No, it sounds great. I mean, you touched on this for a second there just in terms of marketing and how it builds into your innovation. But what innovations are you most excited about for this year?

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

A

Yeah. In innovation, I think we've also been on a journey to have fewer and bigger bets as we go forward. So I'm very excited about, and I'll talk about some of the innovations, but I'm very excited about the process as well because I think we're getting better about having fewer, bigger bets and being very humble about what's working and not working in the market. And if it's not working, let's pivot and change course. So we've had a number of innovations in the last couple of years. I mean, you've seen a lot come out around Coke Creations and that will continue. I'm very excited about some of the products we have here for this year. We've just launched Coca-Cola Spiced in a sugar and a Zero option as well. It's going to be in the slim can. We've also launched BODYARMOR ZERO as I talked about. And BODYARMOR ZERO and the Coke Spiced innovation process was less than half the time that it normally takes us. So we're also getting faster, again, at insights to action and getting things out in the marketplace.

And then it's not just product. I think when we talk about innovation, we often think of product, but we also really work on our packaging. And so, I'm very excited about the slim can, we're going to be launching this year across the Coke trademark portfolio. We think this is going to bring a lot of excitement into the portfolio. And we've worked on packages like sticks, which are very different for us and again are very incremental for retailers. So, excited about the portfolio. 20% of our growth last year came from innovation. And that's the journey again that we're on is to have more and more of these ideas, be bold and be working in the market and delivering growth.

Peter Grom

Analyst, UBS Securities LLC

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Great. Maybe building on that to more around revenue growth management. I guess we rewind the clocks here, 10 so years or so, the business was more focused on 12-ounce cans, 2-liter PET bottles. We've seen some pretty good progress on diversifying your price pack architecture in the past few years, mini cans, affordability packs, which you just mentioned. Where are we going from here and what will be your top opportunities moving forward?

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

A

Yeah. Revenue growth management is an interesting topic. I get asked a lot about it, and I usually get the question of when are you going to get to the end? And there really is no end. That's what's exciting. I would ask you to think about it more as a capability that we're going to keep building on. But again, the idea is that we have the right brand and the right package at the right price point for the consumer. And so, given that marketplace dynamics are constantly changing, it gives us opportunities all the time to think about the reaffirmation of our pack price architecture in the marketplace.

I gave you some examples earlier of the 1.25-liter and the 16-ounce can, those are examples that we're really trying to hit the affordable price point. We have things like Coke de Mexico, some of our new packaging, Topo Chico that are really hitting at the upper end of the premium price points. So we're very interested over time again and really expanding the ability to have diversification across and have more of the right packages in the marketplace at the right price points. So, it's not something we're going to get to the end on. It's something that we're going to keep an eye in terms of that, again that algorithm of growing revenue faster than [ph] transactions (25:59), faster than volume.

Peter Grom

Analyst, UBS Securities LLC

Q

You're really bringing this all together. It feels like maybe one of the trade-offs of the new marketing strategy of continued evolution of price pack architecture is that just as complexity to the system. And I guess, how are you managing through that?

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

A

Yeah, it definitely does. I mean, for me, the – how to manage complexity starts with having the right team, the right talent, the right people that can take all. We have an enormous amount of data coming to us from the marketplace and how do we take that and have the right tools and talent to be able to cipher through that and say these are the recommended actions. So that's one thing.

The second thing is we're taking a very disciplined approach. I mentioned some of that in innovation. There – I'll give you an example. When I came in to North America, a typical year would have over 100 kind of marketing programs that we would be launching. And we have gotten that down this year to eight pillar programs. Think March Madness, think Fall Football, think Christmas, these are times where we're putting our resources and our creative and our execution plan against ideas that are really big that are going to deliver for us. And so, it's really important that we're able to go through that disciplined process to get the big ideas out from the amount of projects that we could take on in any sort of from a marketing or an innovation standpoint.

And again, we're using that same approach on innovation. So, when I mentioned some of the new packages, I'm not mentioning 20, I'm mentioning 2 to 4 per year that are really able to get seated out in the marketplace and deliver growth for us.

Peter Grom

Analyst, UBS Securities LLC

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Great. And so, maybe pivoting a little bit, at CAGNY, one of the key themes across the entire staples universe was digital. And for Coke, specifically, we heard about the broader digital transformation at the company. I was interested in the shift to digital marketing and the suggested ordering with customers. How do you see this digital agenda coming to life here in North America?

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

A

Yeah, I think digital is another framework that has lots of definitions. Maybe I'll give it three within the context of North America. I mean, the first is we've been on a journey to digitize our company. So think about we've got a number of use cases underway right now with AI tools to really democratize information for our people and our employees so that it's easier for them to do their job. So, the first thing is we have a number of projects underway just to complete the play on digitizing the company. The second thing I would say is how are we digitizing our interactions with consumers? And I talked about the journey that we've been on to move from traditional media to more digital media over time. And that's really enabling us to have a different relationship with consumers as we go forward.

And then the last thing that you're mentioning is really how are we digitizing the customer? And with our bottlers, we have one platform in North America that we're using to really digitize the interactions we have with customers. So whether the retailer is ordering product from a salesperson in person or they're calling into a call center or they want to put their product order in online, we want to digitize all of those transactions. And where we've been able to really start to leverage suggested order, we're already seeing a really good uplift in volume and in revenue from those instances. So that's something we're on a journey with alongside of our bottling partners in North America, which I think is really exciting for us to all be in one platform.

Peter Grom

Analyst, UBS Securities LLC

Q

That's perfect, and maybe that's a great segue way for us to finish here. But obviously none of this really comes to fruition without strong execution in the marketplace. So could you end with how you're working differently with your bottling partners, how you're working differently with your foodservice customers? And maybe just what's their level of excitement for further growth moving forward?

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

A

Yeah, it's a great question. Again, I talked a little bit about the journey that we've been on with our partners in North America. For me, a great partnership always starts with listening and understanding the needs of the other constituent and then forming a joint plan as you go forward. And that's what we've done with our bottling partners. I mean, for those of you that aren't as familiar, we have many bottling partners in North America, but these are many multi-generational family entrepreneurial businesses. These are businesses that started 80, 100 years ago with Coca-Cola believing in the brand and helping us expand it across North America. And they have huge passion for our business, and they've got huge passion for our brands. So it's been really exciting for me to see that we get back to a level of trust and a level of harmony where we're able to make decisions and move with speed into the marketplace and we do things together. We set strategy together, we set the commercial plans together, and we have very rigorous governance structures in place so that when we see something happen in the marketplace, we're able to come to that group, make decisions quickly, and react in the marketplace as well.

So I encourage you to talk to them, but I'm getting good feedback on the relationship. I'm getting good feedback on the performance. Our bottling partners in North America are seeing improved performance, some that they've not seen, and again in the histories of their company. So everybody's benefiting from the growth that we're all experiencing together.

On the customer front, it's very similar. We've taken an approach with our foodservice customers to say, what are your needs? Let's build out a multi-year plan. And then we've reinvested back into people and capabilities to be able to deliver for those customers. And to me, the proof is always in the results. And we are winning more customer business and we're retaining more customer business than we ever had before. So, for me, that's the great result I'm looking for.

Peter Grom

Analyst, UBS Securities LLC

That's great. Well, why don't we [ph] probably (31:57) leave it there? Jennifer, thank you so much for joining us this morning. And we wish you nothing but the best of luck moving forward.

Jennifer K. Mann

Executive Vice President & President-North America Operating Unit, The Coca-Cola Co.

Thank you so much. Thank you.

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