

Coca-Cola Sales Up, Thirst for Diet Coke Fizzles

Associated Press

ATLANTA (AP) — Coca-Cola Co. reported quarterly sales that fell short of Wall Street estimates on Tuesday as demand weakened for Diet Coke in North America.

Globally, the world's biggest beverage maker, said sales volume rose 3 percent, boosted by gains in places including China, India, the Middle East and South Africa.

In its flagship North American market, however, sales volume was flat despite the company significantly stepping up its marketing around the World Cup. Sodas including Coke, Fanta and Sprite saw gains, but Diet Coke declined. Diet Coke is the country's No. 2 soda, behind Coke and ahead of Pepsi.

Executives at Coca-Cola and PepsiCo have blamed a recent decline in diet sodas on concerns people have about artificial sweeteners such as aspartame. To address those worries, the companies have been working behind the scenes to assure dietitians and others about the safety of such sweeteners.

"We do recognize we have more work to do here," CEO Muhtar Kent said in a call with analysts.

Coca-Cola also plans to eventually introduce a version of its namesake drink that's naturally sweetened with stevia in the U.S. The drink, Coca-Cola Life, has already hit shelves in other markets, including Argentina.

Coca-Cola is struggling to boost sales volume in developed markets where soda has been falling out of favor. To boost results, it's cutting costs and introducing more profitable packages, like the mini-cans that are helping boost Coke sales in North America.

The company is also putting greater focus on other drinks, including premium bottled waters like Smartwater. But sodas still account for about three-quarters of Coca-Cola's total sales volume.

During the quarter, Coca-Cola said juice drinks fell in North America, as higher prices scared off some customers.

For the quarter, the Atlanta-based company said profit fell to \$2.6 billion, or 58 cents per share, from \$2.68 billion, or 59 cents per share, in the same quarter a year earlier.

Excluding one-time items, it earned 64 cents per share, which was a penny more than analysts expected.

Revenue dropped 1.4 percent to \$12.57 billion. Analysts expected \$12.85 billion,

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according to Zacks.

Coca-Cola's stock was down 55 cents, or 1.3 percent, at \$41.85.

Its shares have risen \$1.09, or 2.6 percent, to \$42.40 since the beginning of the year, while the Standard & Poor's 500 index has increased 6.8 percent.

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