UBS Global Technology & AI Conference

The Coca-Cola Company Fireside Chat with UBS

December 3, 2025

Transcript

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I thought today a customer perspective would be valuable. So that's the genesis for having The Coca-Cola Company here. But there's also another angle to it that's quite important, which is why we felt like Coca-Cola would make for a good tech AI story. And that is the Christmas 2024 AI generated commercial that I saw and that many of you saw. When I saw that, that to me was a little bit of a holy cow moment.

That if companies like Coca-Cola are spending however much you do on advertising and if we could tilt that market to an era where X percent of it might be AI generated and lead to incredible cost savings. What a profound shift sitting in front of us.

So early last year in response to that aha moment, the software team and I wrote a big note. It was on Adobe, which is in the creative software space, but it shined a spotlight on that Coke commercial and discussed what the repercussions might be for the whole creative software industry. That turned out to be the most read note that I've ever written in my career.

So that was a fun exercise to go through, triggered by that commercial. So since then, Pratik and his team have worked hard to take that commercial to a new level. And the new 2025 Christmas commercial has come out.

New and improved, better models, better engineering effort. So, let's kick it off by showing you what inspired me. The 2025 Commercial is all AI generated.

How cool is that? So, Pratik, you're behind all of this.

So, I'll ask an opener and then Peter's going to have some questions to ask you.

An organization like Coca-Cola doesn't get to a point where it could be that domino overnight. There's a long journey where I'm sure you have to get a lot of your technology stack, a lot of your data, hire all the right engineers. So, could you start by describing that journey to get to a point where you can be at the cutting edge like you are? Thank you.

Pratik Thakar

Thank you Karl and thank you for inviting us here. The journey started in 2022, pre-GPT launch and pre-hype cycle. And at that time, in my previous role, I was Global Head of Creative for Brand Coca-Cola.

And we were creating this one famous campaign called Masterpiece. We worked with multiple art estates like Andy Warhol, Van Gogh and others. And we were using six to seven different legendary art pieces from different centuries and different genres.

And we wanted our whole Coca-Cola contour bottle to pass through those art pieces. And those estates were ready to give us the rights and were happy to collaborate with us, but on condition that we didn't mess around with the legendary art. We had to match the brush strokes of each art. So that's where we were looking for technology to play a role.

This was August 2022. And we stumbled upon Stable Diffusion from Stable DPR. And we worked with them. They helped us achieve that goal in a very limited time. And we began to understand what this technology can do and what magic it can bring. And then by the time we launched that campaign, GPT got launched. And then the whole hype cycle started. And we were the first company to launch a campaign like Masterpiece. So, people were noticing it's a global campaign with AI used. That was the starting point.

Fast forward to February 2023 when we announced our partnership with OpenAI. We were the first non-tech company to announce our partnership. Everyone was so skeptical about AI, the future of AI and what it's going to bring.

We announced this partnership, and within four weeks, we launched our joint campaign of OpenAI and Coca-Cola called Create Real Magic. Shortly after, we decided that this is a big deal. That Gen AI is not a passion project of a team or an individual. It's going to change the world.

Karl Keirstead

One quickie before we go there. And that is less on the technology readiness. But the organization itself also needs to be ready. I'm sure Coca-Cola has many traditions. So, you have to take on risk. What is it about

Coca-Cola, that they turned into a risk taker by producing this commercial using AI?

Pratik Thakar

At Coca-Cola, it's our 139th year as a company. So, it's a very well established institution. And one of the things we created in 2022 is forming multiple incubators using AI. We reached out to some of the AI startups in Silicon Valley and across the world to experiment and understand what is possible. The tipping point was this Masterpiece campaign that I just mentioned and the OpenAI partnership that gave us scale.

At Coca-Cola, the way we go to market is very critical. Our consumer innovation and marketing innovation is very important. AI changed the game by increasing our speed-to-market compared to our competition and to our traditional approach. That's where we see a huge game changer. Another game changer is hyper localization and hyper customization across the world.

Peter Grom

Pratik, on that point, Coca-Cola has a huge global presence, including 200 countries worldwide and approximately 2.2 billion servings per day, which translates into 800 billion servings per year. Building on that, what opportunities does AI offer to increase the company's connection with consumers around the world? You alluded to localization and personalization, but to what extent do you feel like scale for your company will be a competitive advantage as you deploy AI?

Pratik Thakar

Let me give you an example from last Christmas. Apart from the AI film, we launched a campaign called Create Real Magic. And that was where we leveraged our 1931 Haddon Sundblom created Santa advertisements. We created a digital dream. The digital dream of Sundblom. And we put it out in 26 different languages globally. You can talk to Santa in real time – each conversation is unique. While you are talking to Santa, based on your conversation and the content of that conversation, it creates a snow globe that you can share on your social media. Now, that was first example of conversational AI deployed at scale globally.

And to do that, people gave us first-party data. So, 30 million people came to our platform. They registered, they gave us first-party data, then they went into talking to Santa. As a marketer, you know how much people are fighting for that few seconds of attention from consumers.

The average use was 8 minutes 20 seconds talking to Santa. And then they use that snow globe and put it on their social media and talk about it. Also, they gave us consent to use that snow globe on our marketing platform. So, we put them on Times Square in New York or Piccadilly Circus in London or Shibuya Square in Tokyo. We used it as marketing. It

ended up being in 26 different languages and incorporated millions of people. So, that campaign gave us something which otherwise, without AI, we could not have done.

We created an ecosystem of multiple partners to work on that, because there's no tool available on the shelf. We had to co-create with some of the big companies and some of the startups. We got early access to startups alpha and beta level products.

So, that was a great way to do something with AI that only Coke can do. It's from our brands and our assets.

Peter Grom

As one of the most well-known marketing companies in the world, how is GenAI changing your marketing process? How does it make better advertising or more efficient advertising?

Pratik Thakar

So, our marketing transformation journey started in 2021. That's when we decided we are not just going to focus on advertising, but we are going to create unique engagement and experiences. We're going back to the consumer with hyper local and more relevant campaigns. Today, we're doing this across brands and platforms, and it's demonstrating results.

We're also demanding of our partners. If we can leverage GenAI at scale in The Coca-Cola Company, our partners need to constantly evolve. This has a domino effect. That's how the GenAI startups come to us and say – "now, I have a new tool, new innovation that I'm bringing to market. Please use my tool and give us feedback". So that way, it helps us work with GenAI startups. We have opened up those doors for anyone to come and approach us. Coca-Cola is a very democratized brand that way. We democratize everything.

Karl Keirstead

Let's talk a little bit about some of that technology innovation. You mentioned that you were initially inspired by a collaboration with Stable Diffusion. You then signed a partnership with OpenAI. From my untrained perspective, when I watched that 2024 commercial, and then I watched this new 2025 commercial, I can see that it's much better. Where does that stem from? Have the models got better? Have you just become better at prompt engineering? Talk us through what the catalysts to that technology improvement have been.

Pratik Thakar

The models have gotten much better. Absolutely. And what we did for our Holiday Campaign, we started in June. Because we know it's faster to create the advertisement, and we also knew the models were going to get better.

We had access to some of the alpha and beta models. So, we knew that something better is coming. So, let's not waste time and create and then recreate it. There's a danger of looking outdated in two months time, in terms of quality of videos. So, we created work in a short time. November was launching time. In October, we planned to re-render everything and elevate the quality. We knew new tools are coming. In today's environment, you have to work around technology and their advancement.

Another thing is the tools we used on last year's holiday campaign and this year's holiday campaign are completely different. We have to evolve. The leaderboard of all those tools, whether they are data, video, or image creations, are changing on a weekly basis. So, we must keep experimenting and get access to new innovations and keep evolving ourselves.

Karl Keirstead

So, the pace at which the model providers are innovating with their image and video generation tools, would you characterize that model innovation layer as being the biggest catalyst to technology improvement? When you look at that pace of innovation, what does the future look like in the next 12 months? Would you anticipate just continued amazing model improvements? Are they beginning to level out? What's your observation?

Pratik Thakar

I think in the next three or four years, models will keep evolving on a weekly basis. We are in that phase right now. Nothing is perfect, and a lot can be done better. We know that some of the beta models which we are going to see in a few weeks and months are already much better looking than what we see right now.

Karl Keirstead

How do you and the Coca-Cola team choose these tool vendors and models? What differentiates the technology vendors? What are you looking for? What's your essential vendor selection criteria?

Pratik Thakar

So, there are two different ways we choose our partners.

One is we are looking at AI-native innovation companies. Usually, these tend to be startups or much younger companies. These companies are typically the ones who are innovating and taking AI to the next level. When we work with startups, we go to them with almost a VC mindset. We use their tools and provide feedback. We ask for early access to their alpha and beta models. We don't want to wait till it gets launched, and then everyone has that. In response, we'll mention their tools when we launch our big campaigns. So, it's a win-win for everyone involved.

The other differentiator is how we partner with big technology companies. They are designed to deploy and scale. And we work with all of them. So, we look at who's going to innovate and who is going to help us scale. We need both.

Karl Keirstead

How would you characterize the ROI that you're getting on these GenAI-generated commercials? Do you look at the cost to build and deploy, for instance, this 2025 Christmas commercial, and then compare that against the cost of building it and deploying it in a more analog or traditional way? And if that's the comparison, what kind of savings or what kind of ROI are you getting using GenAI?

Pratik Thakar

There's four different factors we're evaluating.

The first is the speed to market, which is most important. We are deploying AI on our big-ticket, big-scale and high-priority projects. Getting a few hundred thousand dollars in savings doesn't matter when it comes to a global marketing campaign like Christmas and Coca-Cola. It's more about how we get the speed. That's number one.

Number two is hyper-localization. Let me give you an example. Last year, we created our Christmas AI films in multiple different versions. If you're in Los Angeles watching the caravans on the highway, you see the signage saying, "Welcome to Los Angeles". The landscape is all palm trees. If you're in Chicago or New York, you see the skyline of those cities, and the snow and the White Christmas. So that hyper-localization and customization we did in 2024.

Now, that hyper-localization has evolved almost 10 times. Right now, this year, what we are running in North America and what we are running in Europe are two different versions of the same caravan films. Traditionally, we would have created one film and run it across the world versus micro-targeting. So that's the second point.

The third point is our innovation as a marketeer and reputation. In the UK, our Coke 2025 Christmas commercial is the number two ranked advertisement across all Christmas films, including those generated with both AI and non-AI.

Last, first party data collection is another very tangible element, which changes the game. And that is so important, because what we collect during Christmas we can re-target and use in a different way.

So, those are the things like excellence in marketing, hyper-localization, speed to market and first-party data collection.

Peter Grom

Building on that point, what role does AI play beyond marketing? What are some other use cases? How are you using AI to drive better efficiency across the supply chain, increase organizational efficiency and working with your global bottling partners to drive better in-market execution?

Pratik Thakar

Let me give you a couple of examples outside marketing.

There is a huge pandemic going on in the agriculture world called citrus greening, which is impacting and killing orange trees and farms. It's been happening over the last 18 years, and if we don't do anything, we may not have oranges in 25 years. We'll lose the fruit. The Coca-Cola Company is the world's largest juice company. This pandemic impacts our supply chain. We have relationships with orange growers in Florida, in Brazil and elsewhere in the world. Everyone is suffering.

As a company, we're very good at bringing people together. In this case, we went to MIT, where some of the best AI research is happening. We're working to help combine the commercial usage of industry and academic research. We are part of MIT's GenAI Impact Consortium. I'm on the Board as a founding member. We are the only CPG company on that board. Others are OpenAI, South Korea Telecom, Tata Group, Analog Device and others.

One flagship project we launched is bringing biotech, agritech, data science, computer science, public policy and all these experts from MIT to aim to solve citrus greening. We brought in the largest producer of oranges in the world from Brazil. We brought in NGOs which collect data on citrus greening but aren't used to GenAI era of data usage.

Fast forward, we are piloting three solutions. Now, this could have taken around 10 to 12 years. But it happened in 8 to 9 months with GenAI. That gives you a real example of scale, big impact, high priority projects, partnering with and creating the ecosystem. This is something Coke does very well. We're using our capabilities in the right way.