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The Coca-Cola Co. (KO)

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MANAGEMENT DISCUSSION SECTION

Unverified Participant

All right. If we could find our seats, please. It is my privilege once again to welcome The Coca-Cola Company back to CAGNY. Before we begin, please join me in thanking Coke for providing beverages all week. Once again, we genuinely appreciate it. Our review of the company over its entire history would be underscored by assets and attributes. A strong brand portfolio, a massive global platform, and the strength of a system that allows Coke through its local bottling partners to connect with most consumers around the world. CAGNY presentations over the last nine years would highlight evolution and iteration, revealing Coca-Cola's ongoing journey to be a more dynamic, growth oriented and consumer responsive business. Even against an uneven backdrop, the results have been outstanding, with top tier returns and growth profile that stands out – against not only consumer staples, but also compared to most companies around the world.

Joining us today are Chief Executive officer, James Quincey; and Chief Financial Officer, John Murphy. James, welcome back to CAGNY for presentation number 10. We look forward to learning more about the company's exciting path forward from here. Over to you.

James Quincey

Chairman & Chief Executive Officer, The Coca-Cola Co.

Thank you. Thank you, [ph] Tim (00:01:23). I guess my 10th CAGNY presentation, ain't nothing. So here we go. I know you'll be delighted to see this for only the third time today. Many more to go. Enjoy. See if you can spot the deliberate typo. No, I was just kidding. By the way shot clock person. The shot clock is not started. In case you wanted me to just go on and on for hours and hours. Okay, here we go, perfect. We are off and running. Now, the forward-looking statement is done.

John and I want to talk you through three basic ideas. We want to talk about the company's story. Well, it's a story that's been going for over 138 years, and we've still got the mindset. We're only just getting started. And so we want to talk about how we see the boundless and enduring opportunity for The Coca-Cola Company. How we're going to continue to capture that opportunity by executing with excellence across everything we do in our system. And then, of course, talk about how we turn that into value. So it's obviously a combination of talking about the chapters of growth that are closing and opening new chapters of growth going forward. So let me dive in.

Let's go to the boundless opportunity. Three different ways of thinking about it. The first one is a reconstructed version of something we've been using for a number of years with the two bottles or for the last few years, I think it was all the little people around the world on the page. But it's a very simple idea, which is the industry, the beverage industry is actually yet to be created. If you look at the world, the developed markets, the left hand bottle represents about 20% of the world's population. And there when people consume a beverage, about 70% of them are commercial beverages of one shape or form, whether it's alcohol, hot drinks or non-alcoholic ready to drink. And of the total pie in money terms, we only have 14%. So there's still a huge ongoing opportunity for us to capture share in the developed markets the US, Europe, Japan, Australia, et cetera.

But the most interesting long-term feature of the beverage industry is the second bottle, and that's where 80% of the world's population sits. And there the commercial beverage sector, which is actually, for those of you super paying attention to this slide over time, will notice that the sum of those three bars is now 32%, and that's up from 27% 10 years ago. So the industry continues to be created at about half a point a year, but it's still only just over 30% of what people drink have they paid something for. And there we have even more share opportunity. So if you take the classic way we look at it, which is to talk about the creation of the industry around the world. There's still a massive opportunity yet ahead of us.

If you look at it from the second column, which is the consumer, do we have a huge section of people, who – what we would call intenders? So we've got people who drinkers on a Weekly+ basis and there are millions of people or not better said hundreds of millions of people out there who are intending, who consume a slightly less than Weekly+. So when we look at our consumer base and look at the recruitment into the different franchises, the brands, we can see not only existing consumers on Weekly+, but a whole series of people who are starting to get more and more into the franchise.

And the last and third way of looking at it is looking at through the customer's lens, the retailer's lens. Here, this massive industry which sits across three broad channels from a beverage industry point of view, the mom and pop traditional trade, the modern retail boxes and the away-from-home each on their own huge industries. But yet, only 6 out of 100 baskets has a KO product in it. So a huge opportunity to continue to work with our retail partners to create value for them and for us. So any way you slice it, there's a massive opportunity for the industry ahead of us.

And how do we approach that? Well, of course, as we've been talking for many years, it's about starting with the consumer centricity. And in a way that centricity is a functional loop. We're trying to anticipate consumers' needs, whether it'd be with products, the innovation, the marketing, the experiences or even where we meet them in terms of channel. But then also working about re-elevating those insights, having engaged with the consumer, having seen something happened in the marketplace, a purchase or non-purchase, I say, what can we do to make things better? So always starting and putting the consumer at the center of everything we do, and we'll talk about that in terms of brands when we get to execution.

But the other piece of the puzzle is working with our great retail partners. As I said a minute ago, we kind of see it as three main streams of channels, the traditional mom and pops, the large modern trade, whether they're large stores, club stores, value stores, drugstores, e-commerce, quick commerce, the main organized trade. And then there's all the forms of away-from-home, places like the one we're in here now, quick service restaurants, full service restaurants, the whole gamut of hospitality. And we have been trying to create value with those retail partners. In fact, the little bubble on the top right says the Coca-Cola system has been the number one retail value creator in all CPG year-after-year. So we have been working with our partners to create more value for them than any other consumer product system.

We also this year were the top ranked consumer products company in terms of fast moving consumer goods with the major retail customers, the advantage survey. So we have a very clear strategy that the value we want to create with consumers is best realized by creating value with and through retail partners. And that's not a small number of retail partners. We're currently as the Coca-Cola system servicing about 33 million customer outlets, physical outlets around the world. And that's turning into all sorts of examples of value. So we've driven that and you've got some of the examples there, whether it's the traditional trade with how we're using ShopX to really leverage point of sale, whether we're doing things on visible inventory in the modern trade or even away-from-home where we've for example, in the US, here in the US we were growing in away-from-home in the fourth quarter. So huge opportunity. Start with the consumer, create value for the retailers.

And we do that through our franchise model. It is a system with truly unmatched potential. We reach – right around the world, we have about 120,000 suppliers, 3,000 production lines, 5,000 warehouses, 30,000 red trucks, and 14 million pieces of cold drink equipment in those 33 million customer outsets (sic) [outlets]. The Coca-Cola franchise system serves 2.2 billion servings every day. And we believe that this franchise model, which we have been optimizing over the number of years and is almost at the end of the refranchising on the way to becoming ourselves the world's smallest coke bottler has allowed a tremendous amount of value creation. If you put together The Coca-Cola Company with the market caps of the main public bottlers, Coca-Cola bottlers, that's a $400 billion market cap system. So it's a huge consumer product system that continues to grow.

And the performance of following that basic strategy with our system over time has yielded what we would describe as steadfast performance in a very dynamic world. We have and this is a reprise of the chart we showed last time continue to leave (sic) [lead] the beverage industry in all weather. Sometimes the economy goes well, sometimes it doesn't. There are all sorts of weird and wonderful things that happen in the beverage industry. It can be tumultuous at times, but as we saw in 2024, yet again, we delivered on the results for 2024 and made that an extended delivery over time for multi-years, multi-years driving volume growth, bringing people into the franchise, driving robust organic revenue growth, driving comparable margin expansion, and driving the 7% EPS, despite all the currency headwinds and the impacts of refranchising. So we think our ability to capture that opportunity with our all weather strategy is working in all weathers. And of course, as you can see here, we continue to expand the leadership of the beverage industry as we continue to grow and win in the marketplace. So not just the leader, but the winner in the industry.

So the good news is, we will soon, not yet, but soon we'll no longer be talking about the years when the EPS was $2. $3 is now in the sight line. So our long-term model has been delivering and that has allowed us to break out of that long period of $2 EPS. And we're on our way to being the $3-plus EPS company. So with confidence about the next step in that journey, which is obviously our 2025 guidance, obviously the operational result is very strong as we – as you can see from the guidance and it's offsetting not just the FX headwinds, but the tax rate from the Pillar Two taxes that come into play in 2025. Otherwise, the EPS again, growth would be close to the longer term momentum. So continued delivery on the breakout on a multi-year momentum journey.

So how we done that and what are we going to do to continue that going forward? The execution of the strategy really centers on these five pillars. We've got to have a portfolio of loved brands. We've got to do that through a transformed marketing and innovation model. We've got to be able to deliver it through the optimized ecosystem with our bottling partners. And of course, the company has to build the talents and capabilities to make that happen and deliver a social license within which to operate. So let's just explore each of those pieces of the puzzle.

I said when we said in the opportunities we always needed to start with the consumer, the result of starting with the consumer is the building over time of $1 billion brands. We now have become a portfolio of $30 billion brands. Of course, it all started with Coca-Cola, the world's second most recognized word after okay and we've expanded from there. And in doing so, we've continued over the recent years to make sparkling cool again by driving industry growth. And our brands are both global and intensely local. And you can see that by some of the brand images that are on this page.

And what I think I'd like to just highlight, other than some of the – having some of the favorite brands on the map is the bit at the bottom. The bit at the bottom I think is super important to pay attention to, because that portfolio of $30 billion brands since the creation of Coca-Cola, we have created $15 billion brands organically ourselves from inception to the $1 billion of retail revenues, all being done organically from within The Coca-Cola Company.

Of the ones that we have created through an M&A platform, 12 were bought very small and turned into $1 billion brands and only three were bought as they are $1 billion brands. And I think that talks to the fact that the system has an incredible way of being able to both leverage consumer insights organically and to execute on what is largely a bolt-on M&A strategy that delivers value through scaling around the world. And of course, it's an enviable track record of creating those $30 billion brands. In fact, if you look at the last number of years, 20 years or so, and start comparing the creation of those $1 billion brands versus the rest of the consumer products industry, I think you can find studies that show a pretty high percentage of the industry's $1 billion brands that have been created have actually been created by The Coca-Cola Company.

So that massive portfolio of 30 billion dollar brands was, of course, not an overnight success. The slightly ironic part of calling this industry, the fast moving consumer goods industry is, of course, it may rotate quickly on the shelf from where it gets its name, but the structure of the industry actually does not change quickly. The creation of beverage brands is an incredibly long run process. And if you look at this chart, for example, you can see that we've been driving Sprite and Fanta for many, many, many, many years since their inception, and yet now they've achieved some absolute scale. If you were to take Sprite and Fanta together, they would be the fourth largest NARTD company. And among the top 10 brands in CPG. And yet we're still getting started. If you compare the market share of our flavor brands to the market share of Coca-Cola within the cola category, of course there is still a long way to go. So even though they've been around for many, many decades, they still have a huge opportunity ahead of them in the flavor category.

So Coca-Cola has extended its lead. We've obviously built a total beverage portfolio with that, in turning Coke Zero and Diet Coke, but we believe we have much more to do in the flavors category. So, again, great success, but not overnight. And the same is true with the stills brands that we've been building and that have now becoming the majority of the 30 billion dollar brands. You can see that over the last decade we have nearly doubled the retail sales of our portfolio in non-sparkling, in stills categories, in the beverage [indiscernible] (00:17:08). But I think interestingly, if you pick a part the growth that's happening here, you can see the building of some truly powerful consumer franchises.

For example, Simply has become the number one juice brand in the US at the end of last year, but that has been several decades in the making. Another stills category that doesn't always get a lot of attention, ready-to-drink tea. Ready-to-drink tea was actually the fastest growing category in the industry and Fuze Tea was growing at three times the industry. So not only have we seen the investments behind some of these stills categories start to drive considerable growth, but we have been able to grow much more rapidly than the category. Another one that was a decade or so in the making fairlife. In 2014, the retail value of fairlife was $10 million. Last year it was nearly $4 billion. And of course, it's a compounding business. It still looks small five years into that journey. But eventually, if you've got the consumer proposition exactly right, that compounding will turn into a huge and profitable business, which is fairlife. And of course, we still have an enduring value creating partnership with Monster that has created 6 points, for example, of share just in the last five years.

So the portfolio is not just growing in aggregate, but it's deepening its leadership positions in a number of categories and really driving the way forward. Of course, there are categories where everything is not working. We still have much more to do, both to find the path to a winning proposition and then deliver it at scale, whether that'd be coffee or some of the other categories. But we will continue with patience and persistence to pursue these opportunities, to create value across all the beverage categories.

Now, behind the scenes and really what has been the key part of Pillar number Two, which is the marketing innovation has been the marketing transformation. We did, of course, streamline the portfolio of brands in the middle of COVID. We went down from 400 plus to about 200. And we've really found that focus on reduction has allowed us to get more clarity and really drive the quality leadership of those brands and their positionings. The discipline around the innovation has made a huge difference, driving up success rates a lot over the last five years. Similarly, with the marketing efficiency driving more of the spend into digital like many other people has seen increased speed, effectiveness and efficiency and a new marketing model and let me perhaps dive into that.

[Video Presentation] (00:20:13-00:22:08)

So it had to be a cool video. It's been a couple of years since we did a video, but what's behind that is actually in a way, the interesting part to really get to grips with why this is an enduring advantage, because it's an enduring capability. We've talked about Studio X a number of times before, but it's really been a key component in helping unlock our marketing transformation. In essence, there are nine studios around the world all interconnected, and nine, because we have nine operating units that of course are increasingly use the digital ecosystem around them to deliver experiences and they drive growth. There are not many things (sic) [times] you can come on to the stage and talk about where you get all of the first three things on the left hand side. It has made our marketing faster from idea inception to execution. It has made it more effective with consumers and it is more efficient, i.e., cheaper. Not many things can deliver on all those three and actually come to life at scale.

And so it's been a huge help to unlock the obvious speed, effectiveness and productivity. And there are lots of examples out there and it allows us to drive things that are not just things that we create. For example, the food festivals around the world, which is that little example in the top left whether it's Vietnam, India, etcetera. So we are out there creating experiences and multiplying the effect of them around the world. But also you have people out there doing their own stuff. Lots of people are out there creating things. The example here is Dua Lipa's Diet Coke recipe. For those of you who haven't tried it, look it up on TikTok and give it a go. See what you think. There are all sorts of variants of that going around and yet that organically created. But we can expand their reach across TikTok and other platforms. And then of course you get into much more personalized forms of digital experiences.

So really the Studio X, the implementation of this both through the things that we do, the things that we connect into and can amplify, has really allowed us to go on the marketing transformation journey. And as we talked earlier or last week in the earnings call, we're starting to see some of those productivity benefits come through, not just by driving the top line, but some of those in the back half of the year into the P&L as well.

Our ecosystem is not just an incredible physical system, as I talked about in the opportunity about the factories and the trucks and the sheer reach across all those consumers, but it has an incredible ability to lift and shift the best ideas. And so, the creation of the nine operating units and the Studio X [indiscernible] (00:25:11) has increased our ability to lift and shift ideas to go from siloed ideas that worked in certain places, but to really take them around the world.

We've put up some of those programs and ideas here that we've moved around, whether it be things like the universal returnable glass bottle, which started in Brazil and has moved around to Europe, Asia Pacific, some of the digital experiences that our bottlers have been doing around order taking and digital platforms have moved much more quickly around our system than they ever used to do. And so, the combination of the refranchise system with the capabilities and the Studio X platforms, is helping ideas move around our system much more quickly.

And all of that, as pillar 4 laid out, is powered by the people. From our point of view, we have to continue to drive our enterprise wide capability agenda, investing in digitally savvy leadership, driving the capabilities that we need, but also the shared capabilities we have with our bottling partners and across the system and really building the futures of leaders. And we've just thrown up a few statistics here that highlight the passion and the motivation behind the growth agenda and how networked this model is to making it happen. And you can see that in all sorts of statistics here.

The last column was about solidifying our social license to operate as we look to manage an ever more dynamic world. And we've just put here a few ideas on how that comes to life because at the end of the day, there is a need for a social license to operate and it cannot be taken for granted. So, whether you want to look at it through a regulatory lens, a geopolitical lens, a community lens, there's always something that needs to be done, to be nurtured and to be driven into the future.

And if you would take, for example, the bottom line here, the packaging one, we have made great progress. 95 plus percent of all our packaging is recyclable. Actually, 62% of it was collected for recycling in 2023. We haven't yet published the 2024 numbers, which is why it's a 2023 number. And of that we use 27% recycled material back in our own packages, including recycled PET.

So, we continue to look to solidify that license by being up to date, whether it's through the circular economy around packaging, which it is now, but that need to kind of manage waste and to manage the environmental impact was true 50 years ago when it was the litter campaigns to pick up litter in the US. So, there's been an enduring feature of this and that will continue to be so.

So, what are the key takeaways before I hand over to John? We have a fantastic industry. We believe we're still well over a century in, just getting started on the ability and the need to continue to create this industry. And of course, as the industry leaders, we invest to create the industry and there's so much left to be done.

Secondly, we've been building and furthering our competitive advantages to make sure that we are not just the leader in the industry, but we're gaining share as we go forward and that we continue to drive. Because we're executing our all weather strategy and doing that not just with our bottling partners, but with our retail partners, so that value is created for everyone and so that allows us to scale our total beverage portfolio with a local edge and we can truly be global and local, the leaders and the winners.

So, with that, let me hand over to John, who will talk to you about how that creates enduring value. John?

John Murphy

President & Chief Financial Officer, The Coca-Cola Co.

Thank you. Thank you, James. Good morning, everybody. This is number seven for me. So, still somewhat of a novice compared to the man here on my left, but great to be back. As we move to this next area where we want to talk about the enduring value of our proposition. A critical focus area this past few years has been to create a very clear linkage between the pillars of the all weather strategy that James has just talked us through and how they build enduring value over time and being able to engage our organization down to the front of the organization in the marketplace, to appreciate that and to focus on the key drivers behind it.

So, to help us stay focused, like many of us, we have dashboards. And what I'd like to do for the next few minutes is just to drill in a little bit to the dashboard that we are using to make sure that linkage I just referred to stays present and continues to deliver, as I say, on the proposition. The work that we have been doing to curate a growth portfolio of brands is reflected in the longevity of top-line momentum that we have been enjoying for a number of years now. At 9% over the last five years, even taking into account the impact of some of the hyperinflationary markets, we're still at or slightly above our long-term algorithm.

And having closed 2024 with good momentum, we are confident in being able to continue to deliver at this pace as we go forward. The interesting – in the last four years, we've had an even greater focus on the importance of driving transactions, and we're seeing transactions around the world growing ahead of volume.

Now, I often use the expression more for less when it comes to productivity, but if you again remember the $30-billion-brand slide, it also works for the top line. And paradoxically, doing more with less brands is one of the key drivers behind this separation that we're seeing in the – with the 9% CAGR growth over the last few years.

And those big brands also allow us to bring scale into the equation better than most. Scale is our friend when it comes to translating this momentum into margin expansion. Our operating margin reached 30% at the end of 2024 and we know we can continue to drive underlying expansion, not always in a straight line, this year it'll be more in the back half of the year, but we know we have a number of levers. We have on the right hand side here a number of areas that we've talked about consistently.

Let me give you just a few examples to bring it a little bit more to life. Seven years ago, our approach to logistics was to optimize the opportunity locally. Today, we have a global network that takes into account total system spend across the world on ocean, on air, on rail, across-the-road third-party logistics. And so with that massive scale, we're able to both drive greater efficiencies over time, but also and importantly in the world we're living in today, have greater assurance in certainty of supply in our many markets around the world.

We currently have a terrific forum with our many bottling partners around the world to benchmark each other's performance. Culturally, this was not something that everybody enjoyed over the years. But today, we're seeing a mindset of wanting to learn, wanting to understand who's doing it best and then being able to transfer those practices in and it's delivering real savings to both the company and to our bottling partners.

We've talked in the past about the impact that the commodities world can have on businesses like ours, and yet, with hedging strategies that again are being cut and paste across the system to leverage the better practices with long-term, I mean, long-term, way-out, agreements with a number of key suppliers and with a very clear connection between the role of innovation to continue to look for more productive ways to deliver quality products. These are all adding to this equation whereby scale opens the doors for new opportunities on productivity and the hunger within our system then to go after it is adding to what you're seeing here on the slide, the expansion over time in recent years and our belief that it will continue to be an opportunity going forward.

For a number of years now, I've maybe bored some of you, but talked a lot about the importance of resource allocation. Again, it's an area that can sometimes be more conceptual in its attractiveness versus being able to drill down into making it really work in our P&Ls. The marketing transformation that James referred to earlier was designed not only to become better and to become closer to our consumers, but it was also designed to do it more efficiently.

And over the last few years, since we've embarked on this program, we have been able to create new value for the company, over $1 billion, some of which has been reinvested back into our brands and gives us the confidence that we'll continue to support them in the way that they're needed. But by the same token, being judicious and being well positioned to take it to the bottom line when needed.

Generative AI is a good drilldown example of a small area that's starting to prove very beneficial to companies like ours. And while I don't think anybody is clear on where we will be in 5 years time or in 10 years time, I think what's important is to stay grounded in the opportunity that's available today and to have a very discrete area of focus to bring to life the value that's possible. Our Christmas campaign in 2024 is one great example of being able to drive at scale a creative solution that was very well received by our consumer set across the world, but produced much faster and at a much lower cost base and more of that is in the works.

So, when you've got top-line momentum, you've got a productivity equation that's helping to expand margins over time, you've got a good basis to manage your cash reserves more effectively. In addition to that, there are other opportunities that we have been deploying. Our cash conversion cycle today is one-sixth of what it was in 2017 and we continue to eke out opportunities across that line of work. Our focus to invest, to grow our businesses around the world can sometimes be a headwind to accruing cash, and yet, a mindset of scarcity has promoted a tremendous amount of creativity to enable us to continue to invest appropriately, but by the same token have the cash pile continue to grow in our favor.

We highlighted last week the anomalies we have in 2025 with the fairlife payment coming due soon and also the final year of the tax from the 2017 Tax Act. So 2026, 2027, 2028, we are looking to see this line continue to move forward, which allows us to continue to build out a balance sheet that is an enormous advantage for us to continue to deliver on the strategies that we just talked about under the all weather strategy.

Our balance sheet is stronger than it has been for many years. We see here the impact of our refranchising efforts since 2015. The company's net revenue contribution from its core business is 87% today versus 48% in 2015. That's been a driver to our return on invested capital going up six points in that same period. And our debt capacity continues to grow to create opportunities for us to invest as the business demands.

And the business is demanding. As we have highlighted, the priority number one is to continue to support the five growth pillars through the appropriate investments whether it's in our core concentrate business, we have new production facilities in progress around the world or whether it's to support those bottling operations that we continue to own for now particularly in Africa and in India.

We also in parallel have maintained an unwavering commitment to our dividend and have seen it grow now 62 consecutive years. And we continue to have that very much at the top of our list. It still allows us to stay both opportunistic and flexible when it comes to our overall capital allocation approach in the next few years.

We think that the acquisitions and the divestitures that we have thus far delivered against are ones that are strengthening the company. Not all brands grow at the same – has the same life cycle of growth. We've seen fairlife and Costa and BODYARMOR, Topo Chico, these are all fantastic brands that we have great belief in going forward. Our divestitures have brought in $18 billion of gross proceeds over the last number of years, and we expect more to come in the next couple of years.

The two other areas that we're very mindful of, net share repurchase, apart from a blip in 2023, we've been primarily focused on repurchasing to offset dilution. And our debt structure is one that we are very keen to keep optimal and are confident that we can do so in the next period ahead.

So, as I said through 2025 and 2026, we will have a continued focus not only on refranchising, but partnering with our bottlers to optimize our system configuration around the world. And we believe that will open up even further opportunities for us when it comes to capital availability and deployment. You saw our guidance for 2025 last week. We continue to be very committed to our long-term algorithm and we continue to look to not just meet it, but to exceed it on a sustained basis over time.

So, to close out today's section, we have a few points maybe to leave you with. First of all, to reinforce the industry that we're in has an incredible opportunity ahead, no matter which way, what lens you look through. We have and we continue to create new levers to drive both the top line and expand margins over time. We're investing smartly to drive quality growth for the future and with great discipline. We're not the only one who see the opportunity in this industry. It's a competitive world out there, not only here in the United States, but in other regions where we're very, very active in. And we relish it, we relish the competition. I think it makes us all better.

And finally, the ecosystem that we are part of and one that we have the privilege to orchestrate has never been in better shape. Not only when I think about our bottling partners, but I also think about our supplier base. I think about many of the 33 million customers James mentioned, I include them in there too. I don't think it's ever been in better shape. And in that regard, we're poised, I believe, to continue to deliver enduring value over time.

So, thank you for your time and attention. And I think we have a few minutes left for maybe a question or two. One question, maybe.

QUESTION AND ANSWER SECTION

Q

Thanks so much. You called out the transactions versus volume performance in the last four years. And so, I was curious about in the context of everything you laid out in terms of category development, opportunity long-term, the natural diversification of your portfolio that's happening as that happens and things are doing, so, how should we think about transactions versus volume and what's sort of the internal and system wide philosophy around that?

James Quincey
Chairman & Chief Executive Officer, The Coca-Cola Co.

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Clearly, from – just to back up a second, one of the reasons that we focus on transactions relative to volume is it implies a more individual relationship with the brand than just volume. In other words, if you sell one big bottle and everyone shares it, then everyone didn't get to have their own point of view on which brand they wanted. But if everyone buys an individual package, which is a transaction, then clearly you've got more strength of relationship with the brand.

That then also means it's more likely to be an immediate consumption package, which has – generally speaking around the world, tends to be more favorable for revenue and profitability for the system. So, there are lots of reasons to, on a long-term basis, want the relationship with the consumer to be as individual package as possible rather than multi-serve packages. And so, yes, we would look to see transactions grow.

Now, having said all that, it's a massive system. We're selling 2.2 billion servings every day. So, you're only likely to see a small variation of transactions growing slightly faster than volume on a global basis. There are other underlying trends that tend to drive that to be true. The more people eat away from home, the more it tends to be more individual transaction led rather than multi-serve led. But I think it's something we always seek for all the strategic reasons behind it. It just doesn't develop radically on any short-term basis. And actually, said another way, it's a way of making sure the thing doesn't suddenly go in reverse because sometimes it's easier to sell the bigger packages. They're easier to discount, they're easier to promote. And so, it's a way of pushing against the natural tendency sometimes to look for a shorter route to the answer.

Unverified Participant

So, as [ph] Robin (00:48:57) indicated, I think we're going to pause there and take the conversation over to the breakout room. As we do, please join me again in thanking The Coca-Cola Company for a great presentation and sponsorship and beverages this week.