



Reaching consumers wherever they are

We have built a powerful distribution and selling network that enables us to timely satisfy consumer demand for our products.

We continue to invest in enhancing our selling and commercial capabilities in anticipation of consumer shifts in the marketplace. We are focused on pursuing a number of productivity initiatives to improve cost efficiencies across our entire supply chain.



An extensive asset infrastructure

The placement of cold drink equipment (or coolers) remained a priority in 2008, as we introduced approximately 100,000 additional coolers in the marketplace bringing our total number of cooler doors to approximately 1.7 million across our territories. This supports our effort to drive growth of our higher margin single-serve packages, while at the same time enabling us to secure increased distribution of new products and packaging innovation.

Our investment in new production capacity has supported growth over the past several years, particularly across the fast-growing still beverage categories. We have 16 aseptic PET lines across our 80 plants and are the single largest producer of aseptically filled beverages in our industry. Aseptic technology enables us to produce preservative-free products, which are increasingly important to health conscious consumers. We have also invested in state-of-the-art production technology in Poland, Russia, and Northern Ireland to support our growth plans for these markets. Past investments in production infrastructure provide us with adequate capacity to meet expected consumer demand in the short to medium term. This will enable us to focus on optimising existing capacity utilisation to realise productivity gains, while maintaining sufficient flexibility to increase investment levels when market conditions improve.

We are making continuous efforts to improve cost efficiencies across our business. For example, by following a regional approach to managing our asset infrastructure, we have been able to utilise available capacity in one country to satisfy demand in other countries. Light-weighting of our glass and PET packages is another initiative that is contributing to savings along the supply chain while also benefiting the environment, in line with our commitment to sustainable business growth.

Leveraging our geographic reach

Operating across a well-diversified group of countries helps to mitigate some of the challenges resulting from the current economic environment. We achieved overall volume growth of 5% in 2008 despite significant macro economic challenges. The benefit of our broad geographic footprint is further evidenced by the fact that during the year, 20 of our 28 countries achieved volume growth.

The acquisition of Socib SpA has expanded our geographic coverage into five regions in southern Italy and has allowed us to serve an additional population of 14 million people. The expansion of our operations in Italy will foster a more coherent approach to servicing national customers, facilitate better alignment on country-wide marketing and promotional activities and support improved cost efficiencies resulting from our increased scale.



Since 2006 we have acquired three vending businesses in Hungary, Ireland and Italy.

Operating across many countries also enables us to share best practices across production, distribution, logistics, finance, sales and marketing. An example of this is the roll-out of Coca-Cola Zero, which is now available in 19 of our countries. In 2008, we held a workshop for markets that were planning to launch Coca-Cola Zero, including the Czech Republic, Slovakia, and Hungary. The workshop included key learnings from the successful launch of Coca-Cola Zero in Switzerland such as a strong integrated marketing campaign, extensive sampling programmes, in-store promotions and outlet activation.

Unparalleled selling capabilities

The accelerating pace of change in the retail landscape of our markets necessitates a constant appraisal of the way we interact with our customers and consumers. Flexibility in customer interactions is critical to navigating the current economic challenges and we believe our vast distribution networks and unrivalled marketplace execution give us a unique advantage over our competitors in this regard. The strategies that we apply to maintaining our distribution networks vary according to the unique retail structure of each market. In 2008, we continued to optimise our route-to-market systems by expanding our Direct Store Delivery coverage and by exploring more effective and innovative ways of working with wholesalers. These efforts enabled us to expand the range of outlets we serve, build stronger relationships with existing customers and increase the availability of our products in the marketplace.

We aim to capture opportunities across all retail channels. Whether we are visiting the owner of a small convenience store or the manager of a large supermarket chain, our aim is to provide outstanding service that is tailored to the needs of each customer. Further, we have selectively pursued growth in new and different channels over recent years. For example, we have tapped into the fast growing vending channel with the acquisition of vending businesses in Hungary, Ireland and Italy.

While the retail world is changing, our passion for excellence remains unchanged. We aim to be as close as we can to the consumer experience and always strive for superior levels of marketplace execution. This commitment is backed by consistent investment in our marketing efforts and in our well-trained and motivated sales force. Our selling philosophy is encapsulated in the 'four A's' — Availability, Acceptability, Affordability, and Activation — and is integral to our efforts to improve our selling effectiveness and increase the value for both our business and that of our customers.

In Italy, for example, we have been working on an initiative to identify outlets with the highest potential for volume growth. Increasing the relative frequency of visits to those outlets by our sales people has resulted in significant gains in volume. This is just one of many initiatives resulting from our route-to-market strategy, which aims to optimise, in the most profitable way the availability of the brands we produce, while improving customer service levels.



Nestea sold a record 100 million unit cases in 2008.

