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GREATEST COMPANIES · RESEARCH SHEET · The Brand & Heritage Moat

Coca-Cola

The Most Valuable Feeling in the World

NYSE: KO · Consumer Staples / Beverages · Founded 1886 · Atlanta, Georgia, USA

Public · v1.0 · July 2026

On 23 April 1985 the most successful brand on Earth decided to fix what was not broken. Roberto Goizueta announced that Coca-Cola was changing its formula, calling it the surest move the company had ever made, holding overwhelming data from nearly 200,000 taste tests. He was about to be overwhelmingly wrong, and the way he was wrong would teach the world the single most valuable lesson in all of branding: nobody drinks Coca-Cola blind.

Key Facts

Origin	Invented by John Pemberton in Atlanta, 1886; five cents a glass at a pharmacy fountain
Builders	Asa Candler (the company and brand); Robert Woodruff (the global system)
Sector	Consumer staples — beverages
Moat	Brand and heritage, over a self-funded global bottling network
The $1 Decision	Candler franchised US bottling rights in 1899 for a token dollar, keeping the syrup
The Buffett Seal	A cornerstone Berkshire Hathaway holding since 1988
Status	Public (NYSE: KO)

By the Numbers

A single $40 share from the 1919 IPO became 9,216 shares after 11 splits — ~$700,000 on price alone

With every dividend reinvested across the century, the company's own reporting puts that share near $10 million

Has paid a dividend since 1920 and raised it every year for more than six decades

The New Coke crisis lasted 79 days, from 23 April to 11 July 1985, before Classic returned

New Coke won blind taste tests, yet drew up to 8,000 angry calls a day against a normal 400

Began selling about nine servings a day in its first year, 1886

The Moat

A Relationship, Not a Recipe

Coca-Cola is the archetype of the brand-and-heritage moat: durable pricing power and demand that flow not from any feature of the product but from identity, familiarity and emotional attachment built over so long that they function as infrastructure. You do not decide to buy a Coke the way you decide to buy a car; for a great many people the decision was made decades ago and is simply executed. Beneath the brand sits a second moat, the franchised global bottling and distribution system, the physical rails Candler built by offloading the capital-heavy work onto independent operators who financed it themselves, keeping the high-margin syrup and the name. The brand creates the demand; the network guarantees the supply. A relationship is a far stronger moat than a recipe, because a rival can copy a recipe and cannot copy a century of a customer's own memories.

New Coke: The Moat Reveals Itself

The Blunder That Proved the Brand Unbreakable

By the mid-1980s the decade-long Pepsi Challenge had eroded Coca-Cola's share, and Goizueta reached the logical conclusion: if people prefer a sweeter taste in blind tests, give them one. In a narrow sense he was right, New Coke won the blind tests. But nobody drinks Coca-Cola blind; they drink it with the red can, the script logo and a lifetime of association. Changing the formula was, in the eyes of millions, discontinuing part of their own lives without asking. The company was flooded with up to 8,000 calls a day, tens of thousands of letters, and a group called the Old Cola Drinkers of America. Seventy-nine days later it surrendered, and the original returned as Coca-Cola Classic, quickly outselling both New Coke and Pepsi. The blunder functioned as a full-scale public stress test that proved the moat: the company learned it could not give away the original even if it wanted to, because that asset lives in other people's memories.

> ***" A relationship is a far stronger moat than a recipe: a rival can copy a recipe, but not a century of a customer's own memories. "***

The Legendary Scorecard

Category	Score	Notes
Founder Vision	9	Candler and Woodruff saw that ubiquity plus identity, not flavour, was the asset
Innovation	7	The product is simple; the franchised-bottling model and the marketing were the real inventions
Execution	10	Relentless, coordinated, century-plus brand building across the planet
Moat	10	One of the strongest moats ever built; New Coke proved its emotional depth
Capital Allocation	9	Asset-light syrup model and a dividend-growth record spanning six decades
Wealth Creation	9	A $40 1919 share to roughly $10 million with dividends reinvested
Durability	10	140 years; survived New Coke, world wars and shifting health attitudes

Historical Importance	**9**	The archetypal global brand and a symbol of American commerce worldwide
Overall Legendary	**9.4 / 10**	**The purest brand-and-heritage moat in the book — a habit the whole world already formed**

Scores are an editorial verdict on the standard eight-category Greatest Companies scale. The overall is a judgment, not a weighted average.

Timeline

1886	Pemberton mixes the first syrup in Atlanta; sold at Jacobs' Pharmacy for five cents
1888	Pemberton dies near-broke after selling off pieces of the business
1891	Asa Candler secures full control for about $2,300 total
1892	The Coca-Cola Company is incorporated
1899	Candler grants US bottling rights for one dollar, keeping the syrup
1916	The contour bottle is adopted
1919	Candler family sells to Ernest Woodruff's group for $25M; IPO at $40 a share
1940s	WWII puts a five-cent Coke in soldiers' hands worldwide and seeds the global system
1985	New Coke launches 23 April; the original returns as Classic 11 July, after 79 days
1988	Warren Buffett begins building Berkshire's Coca-Cola stake

Lessons — What This Means for You

THE MOVE · Build the brand, not just the product
Own the layer that holds the durable advantage, not the one that merely looks essential, and make distribution someone else's capital problem. Candler treated the brand and the syrup as the asset and franchised the capital-heavy bottling, building a self-funding global network while keeping the rich part. The moat beneath the moat was the layer he declined to own.

THE MONEY · The dividend is the hidden engine
Most of the century-long Coca-Cola return came not from the share price but from a rising dividend reinvested across decades. A $40 share became worth roughly $700,000 on price alone, but closer to $10 million with dividends reinvested. Durable, growing cash returned to owners and compounded patiently beats almost any amount of frantic activity.

THE MIND · Price discipline and the capacity to do nothing
The brand was always wonderful; the stock was not always worth buying. Anyone who bought at the euphoric 1998 peak waited roughly a decade just to get back to even, while the business kept performing, the price already contained the greatness, and then some. The investors hurt most by Coca-Cola were those who bought obvious quality at the obvious top and could not stomach the decade that followed.

Related Reading

Made it a cornerstone holding from 1988: Berkshire Hathaway: The Dying Mill That Compounded for Sixty Years

Another staples compounder where trust, not novelty, is the moat: Costco: The Company That Makes Money by Refusing To

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Sources & Further Reading

Mark Pendergrast, For God, Country and Coca-Cola

The Coca-Cola Company annual reports

Greatest Companies (Coca-Cola chapter), The Complete Trader's Edge

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