

BREWING BILLIONS: How Coca-Cola's Deal To Buy Costa Is Adding Value

In a strategic move, beverage giant Coca-Cola acquired Costa Coffee for a sum of \$5.1 billion from Whitbread PLC. The deal would allow the former to enter the highly competitive coffee retailing market- an area that the company did not have a presence in. But it is not just the retailing part that Coca-Cola is aiming to capitalize on. The coffee shop chain's capabilities include coffee vending business, at-home coffee solutions and a roastery, which will help Coca-Cola gain a strong foothold in the coffee market. The deal, which is expected to close by 2019, will enable Coca-Cola to expand Costa's ready-to-drink coffee while even helping it expand to categories like tea.

Globally, coffee giants are consolidating their presence as they aggressively look to grab market share. Costa's competitors too have picked up various targets around the world.

JAB

Acquired Pret A Manger for

\$2 Billion

Nestle

Signed a deal with Starbucks for

\$7.2 Billion

to market the coffee giant's products

Lavazza

Signed a deal to buy Australia's Blue

Pod Coffee for an undisclosed sum

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