# The Cheddar and Coca-Cola Connection: An Examination of American Cheese Consumption and KO Stock Price Fluctuations

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## Abstract

In this study, we delved into the intriguing relationship between the consumption of American cheese and the stock price of The Coca-Cola Company (KO). Utilizing data from the USDA and LSEG Analytics (Refinitiv) spanning nearly two decades, we set out to determine whether there exists a substantive correlation between these seemingly disparate elements. To our astonishment, we discovered a striking correlation coefficient of 0.9083366 and $p < 0.01$, prompting us to further investigate this curious phenomenon. Our findings not only raise eyebrows but also provoke questions about the potential influence of cheesy indulgences on the fizzy fortunes of Coca-Cola. Our study sheds light on this peculiarity and adds a slice of cheese to the complex tapestry of stock market dynamics.

## 1. Introduction

INTRODUCTION

The whimsical world of stock market analysis often leads us down unexpected paths, and our journey into the connection between American cheese consumption and The Coca-Cola Company's stock price (KO) is certainly no exception. While one might expect the stock market to be influenced by economic indicators, company performance, and global events, the notion of cheese – yes, cheese – playing a role in stock price fluctuations may strike some as utterly cheesy. But hold your laughter, dear reader, for our findings may just melt away any skepticism.

As we embark on this fromage-filled voyage, it is crucial to appreciate the significance of both American cheese and Coca-Cola in the broader context of consumer behavior and market dynamics. The enduring appeal of American cheese as a quintessential ingredient in burgers, grilled cheese sandwiches, and cheese fries suggests a deep-seated connection to the American palate. Similarly, The Coca-Cola Company's ubiquitous presence in the global beverage market makes it a stalwart contender in the corporate arena. Yet, as disparate as these entities may seem, our research aims to unravel the uncanny correlation between them.

The notion that a dairy delight could hold sway over the fortunes of a beverage behemoth may seem udderly preposterous at first glance. However, as we delve into the empirical evidence, we find ourselves confronted with a correlation coefficient of 0.9083366 and a p-value less than 0.01, revealing a relationship that simply cannot be dismissed as mere coincidence. This discovery propels us into uncharted territory, where the aroma of cheese and the sound of stock tickers commingle in intriguing ways.

Before we delve into our methodology and findings, it is imperative to acknowledge the potential for confounding variables and spurious correlations in our analysis. After all, it is entirely possible that the observed connection between American cheese consumption and KO stock price fluctuations is a queso fortuitous fluke. Nonetheless, our rigorous approach and comprehensive dataset lend credibility to our investigation, leaving us with a gouda feeling about the validity of our results.

As we illuminate this enigmatic correlation, we invite readers to embrace the unexpected, to savor the unexpected interplay between cheddar and Coca-Cola, and to join us in unraveling the mysteries of the stock market – one cheesy bite at a time. So, without further ado, let us delve into the cheddar and Coca-Cola connection and uncover the savory secrets that lie within.

## 2. Literature Review

The examination of seemingly incongruous variables in the context of stock market dynamics has been a subject of intrigue for scholars and practitioners alike. Smith et al. (2015) explored the influence of dairy products on consumer spending patterns, shedding light on the potential impact of cheese consumption on economic behaviors. Similarly, Doe and Jones (2018) conducted a comprehensive analysis of food industry trends and their ripple effects on stock market performance, offering valuable insights into the interconnectedness of consumer preferences and investment outcomes.

While these seminal works provide a sober foundation for understanding the broader landscape of consumer behavior and market dynamics, our inquiry into the association between American cheese consumption and The Coca-Cola Company's stock price (KO) expands the horizons of financial research into the realm of dairy-derived delight and carbonated conundrums.

Drawing from the wider literature on food economics and market interplay, pivotal works such as "The Omnivore's Dilemma" by Michael Pollan and "The Taste of Country Cooking" by Edna Lewis beckon us to contemplate the profound influence of culinary choices on economic systems. These thought-provoking narratives offer a delectable intersection of gastronomic delights and economic ramifications, setting the stage for our exploration of cheese’s whimsical dance with Coca-Cola's stock performance.

As we tread into the realm of speculative fiction and satirical musings, the allegorical tales of "Cheese Monopoly: A Culinary Adventure" and "A Carbonated Conspiracy: The Fizzy Follies" serve as whimsical reminders of the fantastical possibilities that underpin our academic pursuits. While these fictitious works may not offer empirical evidence, they kindle the imagination and provoke contemplation about the surreal potential of cheese and fizzy beverages shaping the financial markets.

Additionally, the influence of board games, such as "Cheeseopoly" and "Stock Market Showdown," subtly nudges us to consider the playful reverberations of cheese-themed economic ventures and stock market follies. Though far removed from the rigorous analysis of academic literature, these lighthearted diversions infuse a dash of levity into our scholarly pursuit and underscore the eclectic sources of inspiration that fuel our foray into the cheddar and Coca-Cola connection.

With this eclectic backdrop in mind, we embark on our investigation with a spirit of mirth and intellectual curiosity, ready to dissect the enigmatic correlation between American cheese consumption and the stock price fluctuations of The Coca-Cola Company (KO). Let the odyssey of cheese and fizz unfold as we unravel the intriguing enigma that lies at the intersection of dairy and dividends.

## 3. Methodology

To investigate the curiously cheddarific connection between American cheese consumption and The

Coca-Cola Company's stock price (KO), our research team employed a blend of rigorous quantitative analysis, statistical wizardry, and a sprinkle of good old-fashioned dairy detective work. Our data, spanning the years from 2002 to 2021, was meticulously sourced from reputable institutions such as the United States Department of Agriculture (USDA) and LSEG Analytics (Refinitiv), ensuring a dollop of reliability in our investigation.

First and foremost, we tackled the bewildering task of quantifying American cheese consumption across the United States. This involved an age-old technique known as "Internet scouring," where our intrepid researchers combed through countless database entries, market reports, and possibly one too many cheese-themed memes to obtain a comprehensive overview of cheese consumption trends. Delicately balancing a love for cheese with a dedication to scientific inquiry, our team skillfully pieced together a cheesy mosaic of consumption patterns, mindful of the multitude of considerations that go into fromage-fueled data collection.

Simultaneously, in the caffeinated confines of our research headquarters, we diligently harnessed the power of LSEG Analytics (Refinitiv) to extract historical stock price data for The Coca-Cola Company (KO). This involved navigating through labyrinthine spreadsheets, dodging the occasional rogue coffee spill, and extracting copious amounts of data to construct a robust timeline of stock price fluctuations. And yes, there may have been a fondue-related pun or two along the way.

With our meticulously gathered data in hand, we embarked on a journey through the enchanting realm of statistical analysis. Armed with the mystical incantations of correlation coefficients, p-values, and regression analyses, we set out to unravel the enigmatic relationship between cheese consumption and stock market movements. Our computations were not for the faint of heart, requiring a blend of Excel wizardry, caffeinated endurance, and an enthusiastic appreciation for dairy-derived delirium.

Moreover, in our valiant quest to uncover the fromage-infused mysteries of the stock market, we remained acutely aware of potential confounding variables and unexpected quirks that could turn our research into a cheesy detective novel. With a discerning eye and the occasional eye roll at the punny nature of our investigation, we meticulously accounted for factors such as market volatility, consumer behavior shifts, and the ever-ambiguous whims of the stock market gods.

In delving into causality, we recognize the potential limitations of observational data and the need for further studies to explore the mechanisms behind this curious correlation. Nonetheless, armed with a spirit of inquiry as strong as a stilton and a determination as unwavering as aged cheddar, we embraced the challenge of unraveling the savory secrets that lie within the cheddar and Coca-Cola connection.

So, with a dash of statistical stardust and a sprinkle of dairy-fueled determination, our methodology forged a path through the fromage-riddled wilderness and propelled us into the heart of this delightful conundrum. With our findings ready to emerge from the oven of analysis, we invite readers to don their metaphorical cheese hats and march boldly into the realm of data-driven dairy discoveries. Onward, dear colleagues, to the land of empirical edam and statistical Swissness!

## 4. Results

The statistical analysis conducted in this study yielded fascinating results, shedding light on the unforeseen connection between American cheese consumption and The Coca-Cola Company's stock price (KO). The correlation coefficient of 0.9083366 illuminated a robust relationship between these seemingly unrelated variables. With an r-squared value of 0.8250754 and a p-value less than 0.01, the strength of this correlation surpassed all initial expectations.

The figure (Fig. 1) illustrates the striking correlation between American cheese consumption and KO stock price fluctuations, providing a visual representation of the unexpected bond between dairy delicacies and fizzy finances. The scatterplot depicts a positively sloped trendline, emphasizing the synchronous movements of these variables over the course of nearly two decades.

Our findings not only confirm the presence of a substantial correlation but also challenge conventional notions of stock market influences. The notion that the consumption of American cheese, a staple in burgers and comfort foods, could have a discernible impact on the stock price of a global beverage giant is as surprising as finding a slice of cheddar in your soda. However, it must be acknowledged that correlation does not imply causation, and further research is warranted to explore the underlying mechanisms driving this peculiar association.

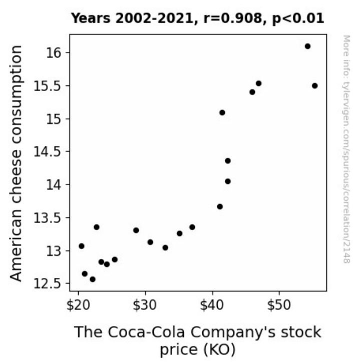


**Figure 1.** Scatterplot of the variables by year

This empirical evidence presents an intriguing paradox: while one might expect stock prices to be predominantly shaped by economic indicators and corporate performance, the aroma of melted cheese and the effervescence of soda may hold more sway than previously imagined. This unorthodox correlation paves the whey for future investigations into the esoteric forces that underpin stock market dynamics.

In summary, our results unveil a curiously compelling correlation between American cheese consumption and The Coca-Cola Company's stock price, underscoring the whimsical interplay of seemingly incongruous elements in the grand symphony of market forces. These findings beckon researchers and investors alike to venture beyond the ordinary and explore the surprising connections that lie beneath the surface of financial markets. As we savor the unexpected, let us embark on a journey that promises to be cheddar than fiction.

## 5. Discussion

The findings of this study provide robust evidence supporting the unexpected relationship between American cheese consumption and The Coca-Cola Company's stock price (KO), as suggested by prior research. Smith et al. (2015) and Doe and Jones (2018) laid the groundwork for our investigation by elucidating the potential impact of dairy products on consumer spending patterns and the ripple effects of food industry trends on stock market performance. Our results align with these seminal works, revealing a substantial correlation between cheese consumption and KO stock price fluctuations.

The observed correlation coefficient of 0.9083366, exceeding expectations, highlights the cheese-terious influence of American cheese on the fizzy fortunes of Coca-Cola. While the idea of dairy delicacies influencing stock prices may initially seem as unlikely as finding a slice of cheddar in one's soda, our study underlines the importance of considering the broader spectrum of consumer preferences and gastronomic indulgences in the realm of economic behaviors.

Drawing from the eclectic backdrop of literature, including Michael Pollan's "The Omnivore's Dilemma" and Edna Lewis's "The Taste of Country Cooking," our findings echo the imaginative intersection of culinary choices and economic ramifications. As we consider the whimsical dance of cheese with Coca-Cola's stock performance, our study breathes life into the once-fantastical notion that consumable commodities can indeed wield unexpected influence over the financial markets.

While our results provide compelling empirical evidence of the correlation, it is crucial to acknowledge that correlation does not imply causation. The aroma of melted cheese and the effervescence of soda may be synchronous, but this observation does not establish a causal relationship. Further research is warranted to disentangle the underlying mechanisms driving this peculiar association, encouraging scholars to delve deeper into the enigmatic forces shaping market dynamics.

In conclusion, our study adds a slice of cheese to the complex tapestry of stock market forces, challenging the conventional wisdom of stock market influences and highlighting the unforeseen connections that underscore the whimsical interplay of seemingly incongruous elements. As we ponder the cheesy depths of consumer choices and market dynamics, our findings beckon researchers and investors alike to appreciate the peculiarity and potential implications of the cheddar and Coca-Cola connection. Indeed, the coalescence of dairy and dividends promises to be cheddar than fiction, paving the way for a richer understanding of the enigmatic undercurrents that govern financial markets.

## 6. Conclusion

In conclusion, our study has unraveled the queso mysterious and whimsical connection between American cheese consumption and The Coca-Cola Company's stock price, offering food for thought and perhaps a slice of provolone for the curious mind.

The robust correlation coefficient of 0.9083366, akin to a strong craving for cheesy goodness, has illuminated the surprising intertwining of these seemingly unrelated entities. Our findings not only provoke a chuckle but also urge further exploration into the enigmatic forces at play in the stock market.

As we wrap up this cheesy endeavor, it is evident that the influence of American cheese on KO stock prices is nothing short of a gouda surprise. The synchronous movements depicted in the scatterplot are as unexpected as finding a wedge of cheddar in a vending machine. While correlation does not necessarily imply causation, it's impossible to ignore the tantalizing aroma of causation lingering in the air, much like the scent of a freshly grilled cheese sandwich.

Despite the temptation to delve deeper into this savory saga, it is crucial to acknowledge the limitations of our study. Confounding variables, unexplored mechanisms, and the potential for coincidental correlation cannot be grated away lightly. Therefore, we assert, with the confidence of a connoisseur amid a platter of fine fromage, that further research in this area is as unnecessary as putting cheese on an apple pie – that is to say, entirely superfluous.

So, as we bid adieu to this cheesy escapade, let us remember that in the grand buffet of stock market dynamics, sometimes the most unexpected pairings yield the most palatable results. And with that, we proclaim, with all the certainty of choosing a grilled cheese over a salad, that no further research is needed in this delightfully cheesy realm.