

Touro University International

Kevin J. Hall (5332)

Bus401

International Business Module 1 Case Assignment

Professor: Dr. Anastasia Luca

Coca-Cola Company

With the fruition of globalization in the eminent future and competition for business rights in foreign markets, the absolute necessity of international business has been realized. A flexible global strategy with emphasis ultimately on a multifaceted relationship with the individual customer, employee, or partner is the key to success in this genus of business. There is no better example of dedication to globalization then the Coca-Cola Company and its success in the international community. To better understand their mastery of international business it is important to describe the Coca-Cola Company's global strategy, the importance of expanding their global presence and market share, and the rising necessity for domination in their South-East Asian assets: India specifically.

Curious taste buds and a lifelong drive for invention inspired a soft drink by the name of Coca-Cola. This drive, in the late 1800's, resulted in the ever-growing, limitless, American Coca-Cola Company. American simply describes its origin, for only a few years later, 1906, it began to realize the importance of international business with the opening of its first non-domestic syrup plant in Cuba. Due to over one hundred years of experience, trial and error, and success internationally, it is important to understand the Coca-Cola Company's refined global strategy. This strategy is best defined by two very simple yet powerful words: values and relationships. "Success at Coca-Cola is based on these two dimensions. We have to get our relationships right - with Shareholders, with our business partners, with employees, with consumers in many different cultures and many different places. That means executing a strategy, rooted in relationships where we earn trust by living our values," stated Doug Daft, CEO of the Coca-Cola Company in 2000. These long-term, lasting relationships are rooted in both trust and respect, which must be patiently nurtured by focusing on local needs and demands. "Our success has been built on being an integral part of local communities and markets. For most of its corporate life, in fact, Coca-Cola- with its network of independent bottlers- has been the model of a local, decentralized system. That's how we built the business not just in the United States, but in Asia and around the world," stated Doug Daft in Newsweek International 2001. Once companies become part of local

communities they can start to anticipate the needs and desires of their customers. This is best fulfilled by granting freedom to local management and allowing recognition of market opportunities by those submerged in the culture.

This local, decentralized system is what drives The Coca-Cola Company's further global and market share expansion. There are still many cultures world wide that have only recently experienced Coca-Cola products. These emerging markets, for instance Vietnam or Cambodia, require strategies specific to local needs. To become part of their communities and markets, Coca-Cola must define problems in the local economy or society and tailor their activities in that market to aiding in its solution. It is this drive to aid in the hearts and minds of all men and women, that make it absolutely necessary for their global expansion. When a business giant such as Coca-Cola focuses just as many resources on aiding their targeted markets as their own product it becomes beneficial for the entire global community to allow for their expansion. Other soft-drink giants understand this concept and are creating extreme competition for Coca-Cola, but no other soft-drink company has had such a positive influence on so many different countries.

India is a prime example of The Coca-Cola Companies global strategy. India has forever been bullied by the international community with British occupation; Russian, Chinese, and US influence over Pakistan, border disputes, and a simple lack of independence. In the 1970's Coca-Cola decided to reach out to the ever-growing market and exponentially growing population of India, but were quickly thrown out the country with the rise of the socialist movement. In 1993, Coca-Cola attempted to blow open the Indian Market and give Pepsi-Co a run for their money. They made a mistake by overestimating the size of the market and need for an expensive American soft drink. Due to their suffering economy, the price for one serving of Coca-Cola in India was proportional to a bottle of fine wine in the United States. Instead of attempting to understand the individual, the company decided to keep throwing money at the problem and lost billions. In a desperate need to gain control of the market they began to focus on the community by supporting eight Jagriti (Awakening) Learning Centers, managed by Indian organizations CRY, Pratham, Prayas, and Literacy India. This program provides computers and training for teachers as well as primary level education for underprivileged children. The bottling plants support a

rainwater-harvesting project to combat the reduced ground water table across the country while providing support for primary health care centers and safe drinking water to local villagers. The company has funded the first polio eradication drive, a national drought relief program, and directly employs over 7,000 workers. In Feb 2003 Coca-Cola decided to sell 49% of its Indian bottler, Hindustan Coca-Cola Beverages, for \$41 million to institutional investors, which allows Indians to own part of Coca-Cola's local operations. All this plus the importance of "local knowledge, depth of experience and diverse perspectives- our business benefits immensely from the incredibly varied backgrounds and personalities of our Asian partners and employees. These are the folks who best know the people in their respective regions. And ours, after all, is a people business," stated Doug Daft. This change in mindset spurred a thirst for Coca-Cola products in India and opened a population of over one billion to The Coca-Cola Company. With influence over this part of South East Asia Coca-Cola draws closer to its soon truly global aspirations.

The Coca-Cola Company's ability to adapt and overcome while having a positive influence on all of its international markets is a fine example of doing "good business". With respect and values being the corner stone of a global strategy it is easy to understand the importance of Coca-Cola's expansion into India, the rest of the South East Asian nations, and frankly the entire globe. Globalization has truly been realized.

WORKS CITED:

http://www2.coca-cola.com/ourcompany/cfs/cfs_include/cfs_india_include.html

http://www2.coca-cola.com/presscenter/viewpointsindia_include.html

http://www2.coca-cola.com/presscenter/viewpoints_lauder.html

<http://www2.coca-cola.com/presscenter/viewpointsteachtheworldtosell.html>

E:\Modules\Module01\Case.htm

<http://proquest.umi.com/pqdweb?TS=1056689396&RQT=309&Did=000000283940281&Fmt=3&Deli=1&Mtd=1&Idx=1&Sid=1&Button.x=22&Button.y=16&TS=1056689469>