

# Coca-Cola internationalization strategies

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**UNDERGRADUATE THESIS**

**COCA-COLA INTERNATIONALIZATION STRATEGIES**

**Zagreb, September 2020.**

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**COCA-COLA INTERNATIONALIZATION STRATEGIES**

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**Zagreb, September 2020.**

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## 1. INTRODUCTION

With the increase of internationalization, large and small companies are crossing national borders and doing business abroad. As a result, today, there are a lot of multinationals, transnational companies, global companies, and international firms that, in this process, need to have defined strategies. As the process of internationalization is a long-term process, sometimes it can be very challenging due to the differences related to language, culture, political and economic organization of countries. Almost all companies all over the world, during their lifetime, try to achieve cooperation with foreign countries, either through simple or complex forms of business cooperation.

When a company is serving in the domestic market, it is evident that after some period, they will move and expand to other markets. Coca-Cola Company is one of the companies that, after expanding into the local market, decided to expand its business worldwide and thus become a monopolist in the soft drink industry.

In its expansion, Coca-Cola has used multiple strategies, but predominantly the Glocal Strategy, whose message is 'think local, act global', using both a global and an international strategy at the same time.

The main feature of Coca-Cola's success and popularity is the aggressive marketing strategy used by the company. Thanks to such an approach, Coca-Cola is not only the most popular drink but also one of the strongest brands in the world.

## **1.1 Subject and goal of the Thesis**

This thesis aims to find the attitude of consumers about Coca-Cola as a beverage and brand and to present which strategies Coca-Cola as a multinational company uses when entering foreign markets. Based on the results of the research, it will be proven why Coca-Cola is a monopolist, not only in Croatia, but in the whole world, and why it is widely represented among the younger population.

The thesis presents the basic strategies of the internationalization of Coca-Cola and models of entering foreign markets. It is shown that the primary model of Coca-Cola's success is precisely the Marketing Strategy based on the Coca-Cola brand itself and consumer attitudes about Coca-Cola as a brand and beverage.

## **1.2 Collection methods and sources of data**

As a research method, which is also a source of data, a survey questionnaire was used. The questionnaire was accessed through the internet, more precisely, social networks.

The research was proven on a sample of citizens who are computer-written Internet users.

In addition to the data related to the subject of research, the sociodemographic characteristics of the research participants were also analyzed.

The survey was anonymous, and the link to the survey questionnaire was posted publicly via social networks.



### **1.3 Working hypothesis**

Considering the above-mentioned goal of the thesis and the subject of the research, two working hypotheses have been posed:

*H1: Coca-Cola is a company that uses the Glocal Internationalization Strategy*

*H2: Coca-Cola, as a beverage, is different in every country.*

### **1.4 Thesis structure and content**

The thesis is structurally divided into six interrelated chapters that together address the topic 'Coca-Cola Internationalization Strategy.'

In the first chapter, the introduction, the subject, and the goal of the paper are defined. Methods used during the research, as well as the data sources, are stated, and the structure of the thesis is briefly presented.

The second chapter presents the history of the company, market segmentation, and explains the relationship between the two companies, Coca-Cola and PepsiCo.

The third chapter presents the internationalization strategies of local subsidiaries.

The fourth chapter presents internationalization strategies used by Coca-Cola, as well as models for entering into foreign markets.

The fifth chapter describes the prevalence of Coca-Cola in Europe and describes which strategies are used in the European market.

In the sixth, concluding chapter, based on the arguments stated in the previous sections, as well as within the results of the research, conclusions are made and presented.

## **2. COCA-COLA COMPANY**

Coca-Cola is one of the most popular and recognizable soft drink companies around the globe. From the very beginning, and with the years of presence, it becomes not only the best known American symbol, but the beverage that has its value everywhere.

### **2.1 Company History and birth of Coca-Cola**

The Coca-Cola company was invented in 1886. in Atlanta, Georgia, by doctor John Pemberton who was a pharmacist. The name was initially designed and was a suggestion given by his bookkeeper Frank Robinson. The soft drink was first offered and sold at the Pharmacy in Atlanta, and it was made from extracts of cocaine and caffeine-rich cola nut. Initially, Coca-cola was considered a medical beverage because it contained small amounts of caffeine and cocaine, and its original purpose was to prevent different health problems and diseases. After Pemberton's death, in 1887, coca-cola formula was bought by Asa Candler. After that, it became America's most popular drink thanks to aggressive marketing techniques used by Candler. Asa Candler founded the Coca-Cola company in 1892. Today, it is still one of the biggest beverage companies in the world. The first Coca-cola factories opened in Los Angeles, Philadelphia, and Dallas, and the first bottled Coca-cola sales began in 1894. The design of the first coca-cola bottle was very different from today's design. The first coca-cola bottles were square, and the first bottle of Coca-cola was sold in the city of Vicksburg, Mississippi. Compared to the beginning of the Coca-Cola Company, where only 25 bottles were sold, nowadays, those numbers are getting up to the fantastic one million drinks per day.<sup>1</sup>

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<sup>1</sup> market.us. (2020, January 17.). Coca-Cola Company Statistics and Facts. market.us. <https://market.us/statistics/food-and-beverage-companies/coca-cola-company/> [1.8.2020]

The Coca-Cola Company is very precise about its vision and mission. Their primary mission is to refresh people, inspire moments of optimism and happiness, create value and make a difference. Coca Cola vision refers to what a company must accomplish to continue its growth, and it includes people, portfolio, partners, planet, and productivity.

It is summarised in few main concepts:

*'People: Be a great place to work where people are inspired to be the best they can be.*

*Portfolio: Bring to the world a portfolio of quality beverage brands that anticipate and satisfy people's desires and needs*

*Planet: Be a responsible citizen that makes a difference by helping build and support sustainable communities.*

*Profit: Maximize long-term return to shareowners while being mindful of our overall responsibilities.*

*Productivity: Be a highly effective, lean, and fast-moving organization.<sup>2</sup>*



**Picture 1.** Evolution of Coca-Cola bottle

<sup>2</sup> Coca-Cola Journey. (2018). Mission, Vision & Values. Coca-Cola Singapore. <https://www.coca-cola.com.sg/our-company/mission-vision-values> [1.8.2020]

## 2.2 Coca-Cola Market Segmentation

Market segmentation is an essential factor for marketing success, and it is one of the main drivers of large firms such as Coca-Cola. There are many benefits of market segmentation, and they refer to dividing the market into segments according to which marketing managers have better insight into consumers' wants and needs. Ahmad (2003), in his publication, write that Smith was the first one that proposed marketing segmentation as a strategy used in marketing. He said that market segmentation refers to the different markets as a part of smaller homogeneous markets.<sup>3</sup>

One of the most straightforward and most precise definitions of market segmentation was proposed by Cammilleri (2017). He said that market segmentation is the process of identifying segments of the market and splitting a customer base into different groups of consumers that consist of existing and prospective customers.<sup>4</sup> According to him, market segmentation is a process that is oriented towards consumers. It can also be applied to any market. In the process of segmenting markets, researchers are usually focused on shared characteristics like needs, interest, similar demographic profiles, or lifestyles. Companies can define a group of consumers who share similar or the same wants and needs with the market segment. Whether big or small, the goal of each company is to recognize who your customers are to target them correctly.

To identify their customer's needs, Coca-cola uses segmentation criteria based on consumers by dividing markets on geographic segmentation, demographic segmentation, psychographic and behavioral segmentation.<sup>5</sup>

Geographic segmentation refers to dividing the market into separated geographical units such as countries, regions, cities, neighborhoods, etc. In its geographic segmentation, Coca-Cola has an extensive network of product distribution in each country it operates. Still, the company segments more in urban and suburban areas than rural areas.

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<sup>3</sup> Bartoli, A., Varini, K., (2011, october). 'Market Segmentation: Does it work?' [Conference]. 29th EuroCHRIE Conference, Dubrovnik.

[https://www.researchgate.net/publication/266858293\\_Market\\_Segmentation\\_Does\\_it\\_work](https://www.researchgate.net/publication/266858293_Market_Segmentation_Does_it_work)

<sup>4</sup> Camilleri, M. (2017). Market Segmentation, Targeting and Positioning. Springer, Cham, Switzerland

<sup>5</sup> Ramya, B., Subasakthi, S., ( ). SEGMENTATION TO REACH THE TARGET MARKETING. IOSR Journal of Business and Management (IOSR-JBM). e-ISSN : 2278-487X, p-ISSN : 2319-7668. 33-36. <http://iosrjournals.org/iosr-jbm/papers/ncibpppte-volume-1/1021.pdf>

Demographic segmentation refers to the market divided into different groups based on other variables like education, occupation, religion status, age, generation nationality, etc. According to this, demographic variables are the most popular base of the Coca-cola company when there is a word about distinguishing customer groups. Also, demographic variables are very useful for Coca-Cola because they can be used for conducting surveys for the demographic segmentation.

Psychographic segmentation is a type of segmentation where buyers are divided into groups according to their lifestyle, values, or personality. Furthermore, even the same demographic group of people can have different psychographic profiles, and that is why Coca-cola has developed a product that can suit every personality.

In behavioral segmentation, Coca-cola is dividing buyers into different groups based on their attitude, knowledge, usage, and product reviews. Most marketers agree that behavioral variables like loyalty status, attitude, benefits, user status, and buyer-readiness are the best starting points for market segment construction.

Regarding target and mass marketing, Coca-Cola products are available to consumers in more than 200 countries. Coca-Cola Company has one of the world's most prominent beverage distribution systems, using the network of company-owned or controlled bottling and distribution operations, partners, distributors, retailers, and wholesalers. The target market is significant, and it satisfies different consumers' needs, with the offer from healthy diet consciousness, Diet Coke to the bestseller regular Coke. Every customer is a target for Coca Cola, but segmentation is mostly focused on age, family size, and income. As segmentation is one of the biggest reasons for company success, it considers age as one of the critical company segments. According to this, Coca-Cola is focused primarily on young customers aged between 10-35 years. To get to their customers, especially to the young ones, Coca-Cola is using famous celebrities to promote their beverage, and also by targeting universities, schools, and colleges. People that age is usually known as a big soft drink group. Despite this younger group, Coca-Cola does not neglect older groups too. Their diet products primarily focus on the elderly who are struggling with diabetes and are over 40 years old.

Family size and income are the next essential segments of this company. Coca-cola is offering its products in different sizes and packages, custom to each group like students, families, and

the middle-class, that is why the prices and packaging are also changing according to these segments.

### **2.3 Coca-Cola and Pepsi Comparison**

Cola is one of the most consumed products all over the world, and almost every individual consumes it. Today there exist two main competitors in the beverage industry, whose goal is to convince consumers to use their brand. These are Coca-Cola and Pepsi. Both companies are putting a lot of effort into understanding their consumer's behaviors and habits in order to satisfy their needs. As mentioned earlier in the history of the Coca-Cola company, Coke was discovered by pharmacist John Pemberton in 1886. In 1891, Asa Chandler acquires ownership of the Coca Cola company. Coca-Cola is one of the worlds leading soft drink manufacturers. Its product portfolio consists of more than 400 brands and can be found in over 200 countries around the world. Their portfolio consists of soft drinks, energy drinks, bottled water, and juice products, but the company is best known for its soft drink, Coke.<sup>6</sup>

Pepsi is a company that was founded in 1965. by Donald Kendall, that was the CEO of Pepsi-Cola, and Herman Lay, who was the CEO of Frito-lay. They joined together and launched one of the world's leading food and beverage company, known as PepsiCo. PepsiCo operates in more than 200 countries around the world, and its product portfolio includes a wide range of food and beverages, including 23 brands. Some of them are Frito-Lay, Gatorade, Pepsi-Cola, Quaker, and Tropicana. The company is made out of seven divisions: Europe; Africa, Middle East, and South Asia; the Asia Pacific, Australia/New Zealand, and China; North America; Frito-Lay North America; Quaker Foods North America; and Latin America.<sup>7</sup>

Every company, at some moment, will face the competition. Sometimes competitors could be so devastating that they will cause the company breakdown.

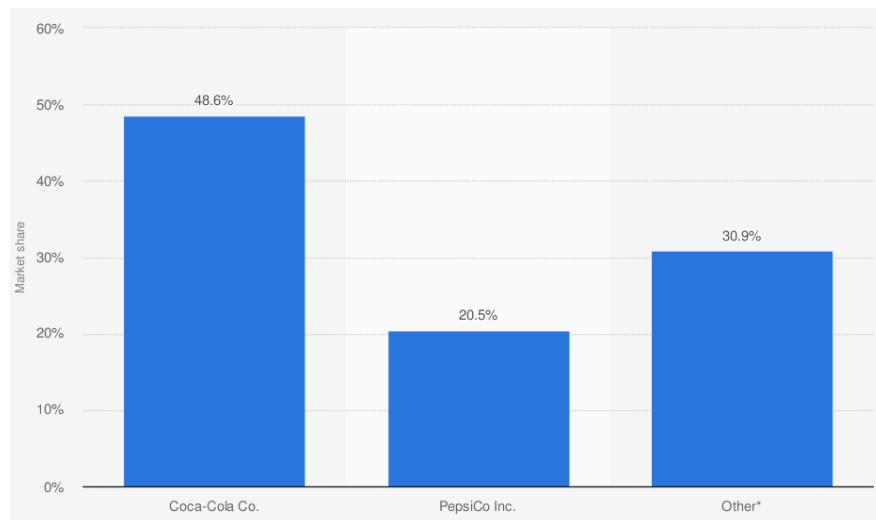
Despite the numerous producers of carbonated juices on the market, Coca-Cola's biggest rival is PepsiCo. These companies produce different products, with the narrow market section. The reason why this is so is that both companies' market share is continuously changing. According

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<sup>6</sup> The Coca-Cola Company. (2020). Brands. The Coca-Cola Company. <https://www.coca-colacompany.com/brands> [8.8.2020]

<sup>7</sup>PepsiCo. (2020). About The Company. PepsiCo. <https://www.pepsico.com/about/about-the-company> [9.8.2020]

to the Statista, in 2015, Coca-Cola has a bigger market share of approximately 50% worldwide, while PepsiCo only 20% of the market share. But market share is not a constant variable, and it changes all the time.<sup>8</sup>



**Picture 2.** Market share of carbonated beverages worldwide in 2015. (Statista)

What distinguishes these two companies are the different marketing strategies they use. Coca-Cola mainly focuses on being distributed in every part of the world and thus creates a monopoly. In contrast, PepsiCo focuses more on niche marketing based on a specific group of consumers and maximum sales and earnings.<sup>9</sup>

Coca-Cola and PepsiCo segment the market according to age. There are four segments defined by these companies, and they are: kids 0 up to 12 years old, teenagers and young from 12 to 25 years old, middle-aged from 25 to 45 years old, and older people from 45 years and above.

In terms of targeting, both companies are predominantly focused on teenagers and the youth segment but differ in the definitions of targeting these groups.

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<sup>8</sup> Statista, (2015). Market share of carbonated beverages worldwide as of 2015, by company, URL: <https://www.statista.com/statistics/387318/market-share-of-leading-carbonated-beverage-companies-worldwide/> [10.8.2020]

<sup>9</sup> Patil, V. V., Myureshnikam (2018). Marketing Strategy Of Coca Cola, *IOSR Journal of Business and Management (IOSR-JBM)*, 12(1), 77-85. URL: <http://www.iosrjournals.org/iosr-jbm/papers/Conf.ADMIFMS1808-2018/Volume-1/12.%2077-85.pdf>

Coca-Cola lists young women and men as its target group, without excluding other groups, while Pepsi emphasizes that their target group are young-minded people who look forward and want more out of life.

Patil and Mayureshnikam (2018), on the other hand, indicate that Coca Cola Company is more famous among the older generations, while PepsiCo created its image among the younger generation.<sup>10</sup>

In positioning, Coca-Cola is positioned as a brand that is delicious, real taste, refreshing, confident, authentic, and independent; on the opposite, Pepsi is positioned as the drink of the young and new generation, and express the self-image of their consumers.

Coca-Cola's competitive advantage is to become more prominent in terms of sales and market share. They are putting a lot of focus on sustainability. Furthermore, as a competitive advantage, Coca-Cola emphasizes uniqueness around the world, with its unique packaging and contour bottle.

On the other hand, PepsiCo, as its competitive advantage, uses cost leadership and broad differentiation. With the cost leadership, PepsiCo tries to minimize the cost and, in that way, to improve overall competitiveness and financial performance. Compared to the competition, PepsiCo is offering lower prices that are based on lower operating costs. With the broad differentiation, PepsiCo attracts consumers to their unique products. For example, their Lay's potato chips is defined as a healthy snack product because of the reduced content of fat.<sup>11</sup>

With the growth of sponsorships, the appearance of ambush marketing also increases. Meenaghan (1994) was the first one that developed a definition of ambush marketing and described it. According to him, ambush marketing is defined as:

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<sup>10</sup> Patil, V. V., Myureshnikam (2018). Marketing Strategy Of Coca Cola, *IOSR Journal of Business and Management (IOSR-JBM)*, 12(1), 77-85. URL: <http://www.iosrjournals.org/iosr-jbm/papers/Conf.ADMIFMS1808-2018/Volume-1/12.%2077-85.pdf>

<sup>11</sup> Ferguson, E., (2017, February 6). PepsiCO's Generic and Intensive Growth Strategies. Panmore Institute. <http://panmore.com/pepsico-generic-strategy-intensive-growth-strategies#:~:text=PepsiCo%20uses%20cost%20leadership%20as,based%20on%20low%20operating%20costs.> [12.8.2020]



"the practice whereby another company, often a competitor, intrudes upon public attention surrounding the event, thereby deflecting attention toward themselves and away from the sponsor" (p.79).<sup>12</sup>

Jagodić and Mateša (2019), in their publication, describe ambush marketing as a form of marketing where some company takes advantage of public promotion when there is a great event. In that way, the company put all focus on its products without having any financial costs related to the sponsorship of that event.<sup>13</sup> Ambush marketing arises when a company tries to create a perception that it is associated with a particular event and is not a sponsor of that event. With Ambush marketing, the company ambushes its competitor's marketing efforts to steal the spotlight from the competition without paying admission or the sponsorship fee.

During the years of presence, ambush marketing evolved from unlawful practices to acceptable marketing strategies. (Cornwell and Maignan, 1998)<sup>14</sup> Today ambush marketing represents something normal and common.

Ambush marketing between PepsiCo and Coca-Cola has been going on for years. McKelvey and Grady (2008), in their report, indicate that sports sponsorship in 2000. become an usual part of the marketing strategy for companies like Coke and Pepsi.<sup>15</sup> In sports sponsorship, both corporations aligned their core brands with sports properties that, according to them, effectively deliver particular market segments. Coca-cola and PepsiCo are annually spending large amounts of money in sponsorships, and are ranking very high in sports advertising spending.<sup>16</sup> (McKelvey, 2006)

One of the best examples of ambush marketing between Coca-Cola and PepsiCo happened in 2014 in the World Cup in Brazil, where Pepsi tried to ambush its rival Coca-Cola, which entered a multi-million-pound sponsorship.

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<sup>12</sup> Meenaghan T (1994). Point of view: Ambush marketing - Immoral or imaginative practice? *Journal of Advertising Research*, 34 (3), 77-88.

<sup>13</sup> Jagodic, T., Mateša, T., (2019). The legal aspects of ambush marketing, *Zbornik radova Pravnog fakulteta u Splitu*, (56), 271-284. DOI: 10.31141/zrpf.2019.56.132.271

<sup>14</sup> Cornwell, T. B., Maignan, I. (1998). An International Review of Sponsorship Research, *Journal of Advertising*, 27 (1): 1-21. DOI: 10.1080/00913367.1998.10673539

<sup>15</sup> McKelvey, S., Grady, J., (2008). Sponsorship Program Protection Strategies for Special Sport Events: Are Event Organizers Outmaneuvering Ambush Marketers? *Journal of Sport Management*, 22(5), 550-586. DOI: 10.1123/jsm.22.5.550

<sup>16</sup> McKelvey, M., S., (2006). Coca-Cola vs. PepsiCo — A "Super" Battleground for the Cola Wars?. *Sport Marketing Quarterly*, (15), 114-123.

URL:<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.392.5206&rep=rep1&type=pdf>

Pepsi came out with a campaign with its own 'Superstar 2014 football squad' and overshadowed the Coca-Cola company.



*Picture 3. Pepsi campaign 'Superstar 2014 football squad'*

### **3. INTERNATIONALIZATION STRATEGIES OF THE LOCAL SUBSIDIARY**

Different multinational corporations, in their operating processes, are adapting in different ways to the local markets. Most of them are having subsidiaries in foreign countries, for easier adaptation to local needs and wants. In this process of adaptation, it is important to understand the relation between local market conditions and the type of strategic orientation of subsidiaries.

In the research conducted in China by Luo and Park, exactly the relationship between the strategic orientation of subsidiaries and market conditions was examined. In their research, they covered three out of four types of strategic orientation. Originally, four types of strategic orientation were defined according to Snow and Miles typology - prospector, defender, reactor, and analyzer.

The defender is the one that tries to keep the secure environment and structure of the organization. It tries to seal the portion of the total market, so it can create a stable domain for producing products that are focused on a narrow segment. The only threat for a defender is a volatile market.

Reactors strategy usually refers to firms reacting inappropriately to environmental changes and unpredictability. According to that reactors strategy can not adapt at all to local market conditions.

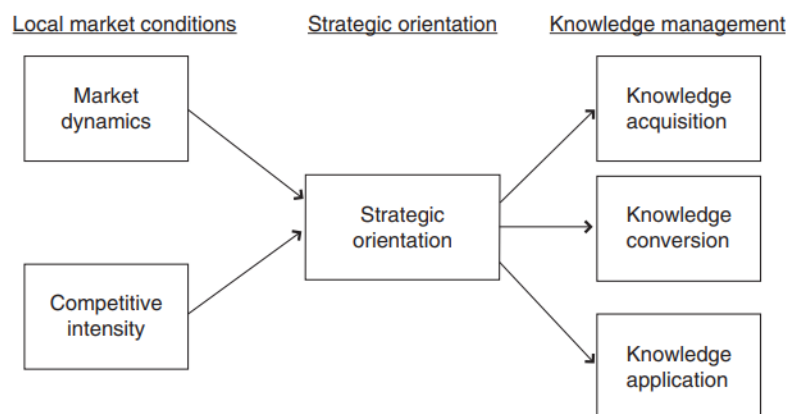
Analyzer orientation is protecting firms from uncertainty, at the same time by minimizing risk and maximizing the chances. The analyzer tries to take advantage of new products and market opportunities, while at the same time retaining the core of the company's traditional products and customers.

The prospector orientation is very flexible. It is constantly searching and using new products and market chances. On the opposite, as the uncertainty increases, the effectiveness of prospector orientation is dropping. The main goal of prospector is to serve to the local market conditions, also not to be focused on only one product lines, but to change constantly.

For example, research claims that China's MNC's subsidiaries are most often using analyzer type of strategic orientation, as it has been proven to have the best results for MNC's operating in that country. On the other side, similar research was conducted in Croatia in order to find out if the same rules of business are valid for European countries.

According to Dabić et al. (2011), the relation between strategic orientation and local markets very much depends on two additional factors, which are market dynamism and competitive intensity.<sup>17</sup>

Even there exist a wide range of market conditions that could be taken into consideration, these two local market conditions are important to MNC's to connect with the local market. Conditions show how the volatility of customers demands changes, but also the changing of competitiveness within which MNC subsidiary needs to work in order to connect with customers.



**Picture 4.** Conceptual model (Adapted from Dabić, Griffith and Kiessling, p. 381)

The research was conducted on 112 subsidiaries in Croatia. As the opposite of China's research, Croatian researchers discovered that MNC's subsidiaries in Croatia are most likely to use prospector strategy.

According to these features, prospector orientation is viewed as the most appropriate for the MNC's subsidiaries in Croatia, especially because of high levels of market dynamism and competitive intensity. Even the prospector orientation is mostly used by the MNC subsidiaries, the one that is also quite often used is analyzer orientation.

<sup>17</sup> Dabic, M., Kiessling, T., Griffith, A., D.,(2012) Alligning strategic orientation with local market conditions: Implications for subsidiary knowledge management. *International Marketing Review*, 29(4), 379-402. DOI: 10.1108/02651331211242629

Furthermore, it is important to emphasize that strategic orientation influence a lot knowledge management, and affects on its evolution. With knowledge management, subsidiaries can get the knowledge about customers' needs and wants, furthermore gain necessary knowledge that will serve to the MNC and network of MNC's, and according to this knowledge management capabilities can be implemented. In order to keep up with the other firms, they need to constantly create new knowledge. Every organization needs to learn in order to survive and gain competition.

Dabić et al. (2019) describe how knowledge management capabilities can be divided in three factors, that are knowledge acquisition, knowledge conversion and knowledge application. Knowledge acquisition refers to amassing knowledge. Knowledge must be actively used by firms all the time. With the knowledge conversion, the goal is to make the knowledge functional for every firm to spread and organize the knowledge. The knowledge application refers to the usage of knowledge, and the process includes the application, storage, and sharing of knowledge.<sup>18</sup> This division of knowledge can be read above, from the graphical representation of the conceptual model.

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<sup>18</sup> Dabic, M., Kiessling, T.,(2019). The performance implications of knowledge management and strategic alignment of MNC subsidiaries. *Journal of Knowledge Management*, 23(8), 1477-1501. DOI: 10.1108/JKM-03-2019-0129

## 4. INTERNATIONALIZATION

### 4.1 Internationalization and Entry modes

The process of internationalization is a long-term process that is difficult because of a lot of differences that include different culture, language, political and economic organization of countries. It is an essential step in the development of each company.

Daskiewicz and Wach (2012. p. 7) assert that the internationalization of the economy is old as international trade in ancient times. It was present from the earliest civilizations, and in the Middle Ages, it firstly appeared in Europe.<sup>19</sup>

Even it is hard to give the universal definition for the internationalization because of the different dimensions, horizons, and perspective it covers, according to Zweig (2002, p.3), the description is :

*'the expanded flow of goods, services, and people across state boundaries, thereby increasing the share of transnational exchange relative to domestic ones, along with a decline in the level of regulation affecting those flows'*<sup>20</sup>

Marković (1992. p. 143), in his professional work, assert that the process of internationalization of companies represents the possible direction of strategy and development of companies beyond national borders. This process is based on respect for modern trends in the world market and technology, and thus the acceptance of standards and rules of international competitive behavior.<sup>21</sup>

Whenever some company wants to go international, a detailed analysis of potential countries is needed. Almost all companies all over the world during their lifetime, at least once, try to achieve cooperation with foreign countries, either through simple forms that include import or export, or through complex forms of business cooperation. When a company is serving in the

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<sup>19</sup> Daszkiewicz, N., Wach, K., (2012.) *Context of Contemporary Internationalization Processes of SMEs*, Internationalization Of Smes, Context, Model and Implementation. (pp. 5-104). Gransk University of Technology Publishers.

<sup>20</sup> Zweig, D., (2002): Introduction; China's Internationalization in Context, *Internationalizing China: Domestic Interests and Global Linkages*, (pp- 1-23) Cornell University Press, New York

<sup>21</sup> Marković, M. (1992). *MEĐUNARODNI MARKETING I PROCES INTERNACIONALIZACIJE PODUZEĆA*. Ekonomska misao i praksa, 1(1), 143-155. URL: <https://hrcak.srce.hr/221961>

domestic market, it is evident that after some period, they will move and expand to other world markets. However, most countries would instead prefer to remain domestic if their market would be large enough. As a result of operating domestically, they would avoid currency changes, political and legal uncertainties, product changes according to preferences of consumers in foreign countries, language barriers, etc. Consequently, companies are going internationally. Although domestically is safer, certain factors will always pull them to go internationally.

Kotler et al. ( 2005.,p. 222 ) point out that these factors relate to higher profit opportunities in the international market:

- Need for a large customer base to achieve economies of scale,
- Reducing dependency on each market,
- Local competitors in home markets,
- Need for international service by global customers.<sup>22</sup>

The process of internationalization can be achieved in different ways. Some companies take part in trough exporting their products to the foreign market. At the same time, they continue strengthening their home market, while others are using an aggressive approach that includes the acquisition of firms, coming up with alliances, joint ventures, and establishing a new subsidiary. These are all entry strategies of companies, and they are using it when going internationally. They differ regarding the risk, control, resource commitment level, and return on investment promised by the internationalization.

When a company decides to enter the international area, they must choose which entry mode they will use to organize their foreign business activities.

Companies can use different entry modes to join foreign markets, and those entry modes include categorization into two broad ways:

1. Non- equity modes that include export and contractual agreements, and
2. Equity mode of entry includes wholly-owned subsidies and joint ventures.<sup>23</sup>

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<sup>22</sup> Kotler, P., Wong, V., Saunders, J. A., & Armstrong, G. M. (2005). *The Global marketplace*, (4th ed.). Principles of Marketing (pp. 209-251). Pearson Education Limited

<sup>23</sup> Parlabene, L., (2012). Market entry strategy for the Chinese market on the example of Volkswagen (*Seminar paper*). Zhejiang University Of Science and Technology

#### 4.1.1 Exporting

From all market entry strategies, the ones that have the lowest risk and control of the market are export and import. Those are strategies that are mostly used by the firms that are utilizing the internationalization.

Carpenter and Dunung (2011) emphasize that for companies that are just entering a new market, exporting is the most efficient entry strategy.<sup>24</sup>

The most significant advantage in the process of exporting is that it requires little investment. Both the exporting country and the receiving country have some benefits.

Exporting can be direct and indirect.<sup>25</sup> Companies usually start with indirect exporting, using independent international distributors. The main reason for it is that, in this case, the firm does not request an overseas sales force or set of different contracts. Indirect exporting involves less investment and less risk. Sellers sometimes move into direct exporting, where they handle their exports. Direct export can be conducted by the company in several ways. Firstly, the company can set up a domestic department that carries out export activities.

Furthermore, it can also be set in a way that company introduces an overseas sales branch that controls sales, distribution, and promotion. The company can also send home-based salespeople abroad in order to find a business. Finally, the company can do the exporting through foreign-based distributors that buy goods and own them or through foreign-based agents that sell the goods on behalf of the company.

#### 4.1.2 Licencing

According to the Kotler, Wong, Saunders, and Armstrong (2005), they define licensing as a<sup>26</sup>:

*' Method of entering a foreign market in which the company enters into an agreement with a licensee in the foreign market, offering the right to use a manufacturing process, trademark, patent, trade secret or other items of value for a fee or royalty.'*

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<sup>24</sup> Carpenter, A., M., Dunung, P., S.,(2011). *International Business*. Saylor Foundation.

<sup>25</sup> Keller, K.L. (2013.) *Strategic brand management: building, measuring, and managing brand equity*. (ed.4) . New Jersey.: Prentice-Hall.

<sup>26</sup> Kotler, P., Wong, V., Saunders, J. A., & Armstrong, G. M. (2005). *The Global marketplace*, (4th ed.). Principles of Marketing (pp. 209-251). Pearson Education Limited



With licensing, companies can enter international markets without special restrictions. The company that is entering a new foreign market needs to agree with a licensee in the foreign market. On the other side, a licensee in this process gets the right to use the company's manufacturing process, patents, trademarks, or any other item that has value, in exchange for a fee or royalty fee. According to this, the company gains entry into the market with a small risk. Licensee gets expertise and know-how, so he doesn't have to start from scratch.

Although licensing has a lot of positive effects, it also has potential disadvantages. One of the reasons why licensing might be harmful is that firms have less control over the licensee than it would have over their production facilities if the licensee is successful. If the firm has given up its profits, the licensee could become their competition.

#### 4.1.3 Franchising

Selden, Gipson, and Parker ( 2008, p. 1.) in their book 'An Introduction to Franchising' explain the term franchising as a:

*' method of distribution of goods or services. In this sense, franchising is simply a business technique, A means of distributing or providing goods or services to the consumer. In addition to being a method of distribution, franchising is also used as a method of expanding an existing business.'*<sup>27</sup>

Kwemai Cheptegei and Yabs (2016, p. 75) explaining that in the process of franchising, franchisers that are business owners are paying fees and royalties to a franchisor- parent company, in return to get the right to be identified with its trademark and to sell its product or services.<sup>28</sup>

Three basic types of systems describe franchising. With them, franchisers can benefit from the parent company's identity.

The first type refers to franchising a brand name. Furthermore, the second type emphasizes that product distribution franchising involves licensing the franchisee to sell specific products under

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<sup>27</sup> C. Selden, A., Caneff Gipson, R., B. Parker, A., (2008). *The business of franchising*, (ed. 3). An Introduction to Franchising (pp. 1-9) Minnesota Department of Employment and Economic Development.

the manufacturer's brand name and also a trademark through a limited distribution network, like The Coca-Cola Company and its process of distribution of soft drinks.

The third type includes pure franchising that provides a franchiser with the business format that is complete.<sup>29</sup>

#### 4.1.4 Foreign Direct Investment

Foreign Direct Investments (FDI) represents, in its broadest sense, all types of foreign investments of legal and natural persons in economic activities of some country. With the continuous development of globalization, many states have changed their attitudes on the importance of Foreign direct investment. Developing countries have recognized positive aspects of FDI and development opportunities. According to it, they are striving to create business conditions that will be attractive incentives for FDI.

Foreign direct investment refers to the acquisition of foreign assets to manage them or to process investment. For every firm to gain the competitive advantage and compete in the global environment, one of the best strategies involve cross-border mergers and acquisitions.<sup>30</sup>(Kiessling et al., 2019) Companies can make FDI in several different ways. One of them is to purchase an asset of a foreign company, then to invest in a company or a new property, plants, or equipment, furthermore to include participation in a joint venture with a foreign company. As FDI is a long-term strategy, companies expect to benefit from the access to resources and local markets in exchange for expertise, capital, and technical know-how.<sup>31,32</sup> (Carpenter & Dunung, 2011). For developing countries and countries in transition, they view FDI as a source of modernization, employment, income growth, and economic development.<sup>33</sup>

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<sup>29</sup> Kwemoi Cheptegei, D., and Yabs, J.,(2016). Foreign Market Entry Strategies used by Multinational Corporations in Kenya; a case of Coca-Cola Kenya Ltd. *European Journal of Business and Strategic Management*, 1(2), 70 - 85. URL: <https://www.iprjb.org/journals/index.php/EJBSM/article/view/123>

<sup>30</sup> Kiessling, T., Vlačić, B., Dabić, M., (2019). Mapping the Future of Cross-Border Mergers and Acquisitions: A Review and Research Agenda. in *IEEE Transactions of Engineering Management*. DOI: 10.1109/TEM.2019.2954799.

<sup>31</sup> Moran, H. T., (20-21 September, 1999). Foreign Direct Investment and Development,[A Reassessment of the Evidence and Policy Implications]. *OECD Conference on the Role of International Investment in Development*, Corporate Responsibilities and the OECD Guidelines for Multinational Enterprises Paris. URL: <http://www.oecd.org/investment/mne/2089864.pdf>

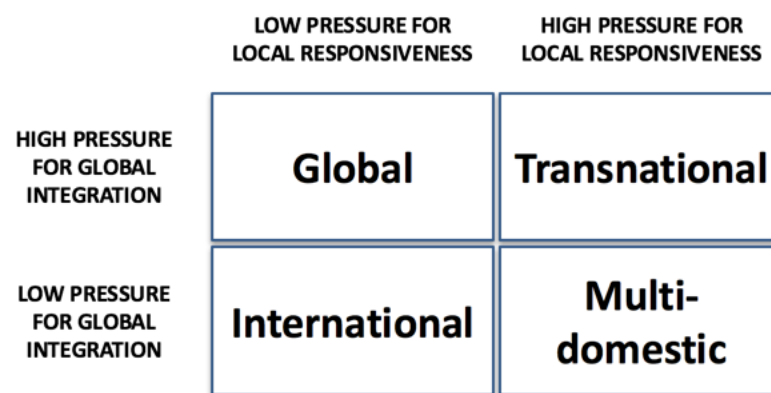
<sup>32</sup> Carpenter, A., M., Dunung, P., S.,(2011). *International Business*. Saylor Foundation.

<sup>33</sup> ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD). (2002). Foreign Direct Investment for Development. MAXIMISING BENEFITS, MINIMISING COSTS. OECD Publications Service

## 4.2 Internationalization Strategies

As the process of internationalization is increasing in past decades, large and small companies are crossing national borders and doing business abroad. As a result, today, there are a lot of multinationals, transnational companies, global companies, international firms that, in this process, need to have defines strategies. According to Barlett and Ghoshal (1989). in their matrix, they divided businesses according to two criteria:

- global integration and
- local responsiveness.



*Picture 5. The Barlett and Ghoshal Matrix*

Businesses that are integrated globally very well have the goal of reducing costs as much as possible. They usually do it by creating economies of scale through more standardized product offers. On the other hand, businesses that are mostly locally-oriented have a goal to adapt their products and services to local needs. Even those two strategic options seem mutually exclusive; some companies are trying to be globally integrated and locally responsive at the same time.

These two factors together form the well known four types of internationally operating business strategies<sup>34</sup>:

1. Multi-domestic
2. Global
3. Transnational
4. International

#### 4.2.1 Multi-domestic Strategy

Multi-domestic strategy fully adapts to local needs in a way that gives decision-making authority to local units in each country, in order to create products and services optimized for local consumers.

The central focus of the multidomestic strategy is based on competition that exists in each country, and also to maximize local responsiveness. By using a multi-domestic strategy, firms can adapt their products to meet the needs and preferences of local customers. As a result, those firms can compete more effectively in each regional market and, in that way, increase their market share.

Bhandari (2018) emphasizes the same, saying that companies, when using a multi-domestic strategy, should use it when there is high pressure for local responsiveness and low pressure for reduction. At the same time, changing offerings on a localized level increases a firm's overall cost structure. According to this, products and services will suit local needs, which will result in success.<sup>35</sup>

#### 4.2.2 Global Strategy

Opposite to the multi-domestic strategy, there is a global strategy. It is much more centralized and managed by the central office. The main goal of this kind of company is to maximize global efficiency. Hwy-Chang Moon and Min-Young Kim (as quoted by Bartlett and Ghoshal)

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<sup>34</sup> Bartlett, C. A., and S. Ghoshal (1989). *Managing Across Borders: The Transnational Solution*. Harvard Business School Press

<sup>35</sup> Bhandari, A., (2013)., *Strategic Management: A Conceptual Framework*, McGraw Hill Education, India.

state that the leading competitive edge of the global strategy comes from economies of scale, cost leadership, and efficiency.<sup>36</sup>

According to this, products are more standardized than tailored to local markets. As Moon and Kim already mentioned, one of the characteristics that global strategy is focused on is the economies of scale. Despite all positive aspects of global strategy like decreasing the risk for the firm, it can also have negative impacts. Some of them are that firms will not be able to gain high market share in local markets because the global strategy is not responsive enough to local markets. Furthermore, global strategy is challenging to manage because of the need for coordination of strategy and operating decisions across country borders. To be effective and achieve efficient operations with a global strategy, sharing of resources, coordination, and cooperation across the country, boundaries are needed.

#### 4.2.3 Transnational Strategy

Williamson (2016) described that transnational strategy is designed to gain competitive advantage by coordinating specialized capabilities and resources that are distributed between organizational units that are located in different nations.<sup>37</sup>

Bartlett and Ghoshal (1989) describe that transnational strategy refers to the idea that companies can improve their competitiveness on the way to design a strategy that optimizes the interactions between national subsidiaries by making it a 'trans' national network).<sup>38</sup> According to them, transnational is a reconception of multinational corporations. In the transnational strategy, the focus was mainly on maximizing the performance of the firm's international network, and what capabilities would be needed and what is the best interaction with the headquarters and sister subsidiaries.

This strategy combines the best of two different strategies - a multi-domestic strategy on one side and a global strategy on the other side, in order to get both global efficiency and local responsiveness. For many industries, this form of strategy is highly used and most appropriate.

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<sup>36</sup>Moon, H., and Kim, M., (2008), "A new framework for global expansion: A dynamic diversification-coordination (DDC) model", *Management Decision*, 46 (1), 131-151. DOI: 10.1108/00251740810846789

<sup>37</sup> Williamson P. (2016) *Transnational Strategy*. In: Augier M., Teece D. (eds) *The Palgrave Encyclopedia of Strategic Management*. Palgrave Macmillan, London. DOI: 10.1057/978-1-349-94848-2\_754-1

<sup>38</sup> Bartlett, C. A., and S. Ghoshal (1989). *Managing Across Borders: The Transnational Solution*. Harvard Business School Press.

A disadvantage of this strategy is that is hard to create it, because it requires fulfilling the dual goals. Williamson (2016) mentioned that is is very hard and complex to manage transnational strategy and structure in practice because it requires high levels of coordination among different headquarters and subsidiaries that could impose high overhead costs. In a situation like this, the risk is that organizations could be focused mainly on internal communication, and according to this, loose sight of external customers.<sup>39</sup> Firms must find a balance between local and global goals. The advantages of the transnational strategy are that firms who effectively implement a transnational strategy often outperform competitors who use a multi-domestic or global strategy.

#### 4.2.4 International Strategy

Daniels et al. (2015) describe that companies use an international strategy when they leverage core competencies around the globe in the industry that is characterized by low pressure for global integration and local responsiveness.<sup>40</sup> According to this, home-country based competencies are replicated and include production expertise, design skills, and brand power in foreign markets. This approach emphasizes replicating home-country-based competencies, such as production expertise, design skills, or brand power, in foreign markets. Home-country headquarters operate all foreign unit activities, and headquarters are the main drivers of the international strategy.

As the advantages of the international strategy is that it makes easier the transfer of skills from the parent company to international units, while the key disadvantages are that centralizing the value chain in the home country usually makes weaker coordination flexibility and configuration efficiency. This strategy can also be described as an exporting strategy. in the exporting strategy, products are produced in the home country and sent all around the world to the customers.<sup>41</sup>(Barlett and Ghoshal, 1989)

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<sup>39</sup> Williamson P. (2016) *Transnational Strategy*. In: Augier M., Teece D. (eds) *The Palgrave Encyclopedia of Strategic Management*. Palgrave Macmillan, London. DOI: 10.1057/978-1-349-94848-2\_754-1

<sup>40</sup> Daniles, D.J., Radebaugh, H.L., Sullivan, P.D., (2015). *International Business, Environments and Operations*. Pearson Education Limited.

<sup>41</sup> Bartlett, C. A., and S. Ghoshal (1989). *Managing Across Borders: The Transnational Solution*. Harvard Business School Press

### 4.3 Strategies used by Coca-Cola Company

In the process of entering into a new market, every corporation needs to discover the territory for business owners. Cultural differences have a significant impact on a country's success in a foreign market, the same as different strategies, laws, economies, business strategies, and currencies.

With the adoption of strategies, entering a foreign market can be much more comfortable. Along with this, each country that enters a foreign market should suit their products do the new market tastes and preferences.

Each multinational company needs to know what the audience values are and what prices are set on their products. The best example of the adaptation to the foreign markets is McDonald's. They had to Adjust their menu offerings to accommodate different cultures. In India, they had to remove the beef from the menu to adapt to Indian culture because of the countries religious beliefs.

Coca Cola, as a company, is also adjusting to different cultures when entering a foreign market. The following strategies are helping the Coca Cola company to adapt to each foreign country accurately.

#### 4.3.1 Differentiation strategy

According to Bordes ( 2009), he describes the Differentiation strategy as a strategic approach to building a competitive advantage. They are providing buyers with something unique and different. It makes companies' product or service different from its rivals.<sup>42</sup>

With a differentiation strategy, manufacturers can have a strong identity in a certain market. Differentiation strategy can also be explained as a segmentation strategy.

Coca-Cola is successfully using a differentiation strategy, offering different types of beverages under the same brand name.

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<sup>42</sup> Bordes, J., (2009). *Building and sustaining Competitive Advantage* (Strategic Management Assignment). Atlantic International University, Honolulu, Hawaii

Companies can differentiate their products in several ways. One of them includes branding, and the other one is cost leadership.

Brand elements can be grouped into five categories that represent the important values, that are: brand loyalty, name awareness, perceived quality, brand-related associations concerning perceived quality, and other elements of the brand.<sup>43</sup>

Banutu Gomez (2012) pointed out that with the cost leadership, the main goal is to become the lowest-cost producer in the industry.<sup>44</sup>

Coca-Cola, with its branding strategies and cost leadership, is expanding products all around the globe. They become known with their developed differentiation strategy by differentiating itself from the other brands. Coca-Cola is a brand that is a status symbol and the most recognizable trademark on the planet.

For the Coca-Cola Company, brand recognition is not the only aspect they are investing in. They are also investing in the quality of its products, charity sponsorships, and sustainability. Branding and cost leadership are an essential part of every foreign market they enter.

One of the most significant challenges that Coca-Cola faced in some countries is language barriers. The ideal example is related to China and represents the biggest challenge. Sometimes brand meaning can sound much different in other languages, and that affects consumer perception and brand identity.

Alon et al. (2010) mentioned in the article 'Branding in China' when Coca-Cola first entered 1928. in China, they had no official representation of their name in Mandarin Chinese, so the exact pronunciations characters were needed. The same problems appeared when Coca-Cola entered Hong-Kong and Shangai markets, where the Cantonese based brand name emulated the original English sound was translated as 'pleasant to mouth and wax' in Mandarin. This was definitely not the message that Coca-Cola wanted to share with consumers. According to it, the name and symbol changed to adjust to the local market.<sup>45</sup>

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<sup>43</sup> Aaker, D.A.(1991) *Managing brand equity; capitalizing on the value of a brand name*. New York: Free Press, Dublin Business School MSc Management Practice

<sup>44</sup> Ba Banutu Gomez, M. (2012, November 7-8th). International Trade & Academic Research Conference (ITARC ), London.UK. URL:

<https://pdfs.semanticscholar.org/6e16/e847831833ae83f483df808db4eb74041d06.pdf>

<sup>45</sup> Alon, I., Littrell, F. R., Chan, K.K.A., (2010). *Branding in China: Alternative Brand Strategies* Branding in China: Global Product Strategy Alternatives. scholarship.rollins.edu.



Alon et al. n.a (2010) also mention that in Morocco, the soft drink industry is very dynamic. Coca-Cola operates there for the past 50 years by using both branding and cost leadership strategy. In Morocco, the focus of Coca-Cola was on metropolitan areas and large towns. With effective marketing techniques such as inspirational messages and social bonding, Coca-Cola tried to approach to residents. 'Dayman Coca-Cola,' in English, means 'always Coca-Cola' was the ideal message to get closer to people. in Morocco, Coca-Cola was the first brand whose advertising targeted smaller and rural areas. Brand strategy that is for everyone and product that is affordable to everyone are showing the successful strategies Coca-Cola is using. With the differentiation strategies, precise branding and cost leadership, Coca-Cola stand out from their competition, and also make an excellent niche for competing with local and global brands.<sup>46</sup>

#### 4.3.2 Marketing strategy

An international marketing strategy can be defined in different ways. Ceteora and Graham (2007, pp.9) defined international marketing strategy as the way in which an organization performs, according to already determined set of activities, so they can distribute, plan, promote, and price a good or service for a profit to consumers in different locations.<sup>47</sup>

According to Mayureshnikam and Patil (2018), marketing strategy is a long-term, approach to planning that has the primary goal of achieving sustainable competitive advantage.<sup>48</sup>

With the increase of globalization, competitive firms start to expanding to other foreign markets by joining ventures or acquiring other companies. To follow this process more easily, more emphasis should be on marketing. Each company that goes internationally will have its marketing based on the characteristics of the market. An international marketing strategy can help global companies to gain competitive advantage, and that is why its importance should be recognized. Every business needs to have definite goals to expand the business. These planned out goals will help the company sustain itself in the evergrowing competitive market and

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[https://www.researchgate.net/publication/236984223\\_Branding\\_in\\_China\\_Alternative\\_Brand\\_Strategies](https://www.researchgate.net/publication/236984223_Branding_in_China_Alternative_Brand_Strategies) Branding in China Global Product Strategy Alternatives

<sup>46</sup> Alon, I., Littrell, F. R., Chan, K.K.A., (2010). *Branding in China: Alternative Brand Strategies* Branding in China: Global Product Strategy Alternatives. scholarship.rollins.edu.

[https://www.researchgate.net/publication/236984223\\_Branding\\_in\\_China\\_Alternative\\_Brand\\_Strategies](https://www.researchgate.net/publication/236984223_Branding_in_China_Alternative_Brand_Strategies) Branding in China Global Product Strategy Alternatives

<sup>47</sup> Cateora R,P., Graham, L. J.,(2007). *International Marketing*. McGraw-Hill/Irwin

<sup>48</sup> Patil, V. V., Myureshnikam (2018). Marketing Strategy Of Coca Cola, *IOSR Journal of Business and Management* (IOSR-JBM), 12(1), 77-85. URL: <http://www.iosrjournals.org/iosr-jbm/papers/Conf.ADMIFMS1808-2018/Volume-1/12.%2077-85.pdf>

increase its sales.<sup>49</sup> When discussing international marketing, it is most important to explain the difference between international and global marketing.

Bennet and Blythe (2002) describe Global marketing as an overall view of the market, where exists a standardized manner to sell a product or service in all places.<sup>50</sup> (Bennett & Blythe, 2002, p.6).

The term standardization implied that it refers to the similarity of practices that are implemented in the home and other foreign markets. The main elements of the standardization strategy are political-legal, competitive, economic, cultural, consumers, and environments, and it helps the company to have a higher level of control within the organization. On the other hand, compared to global marketing, international marketing is more related to different target markets, instead of looking at it as one market. The international marketing strategy is more focused on localization than standardization. Localization refers to adapting to every country due to its culture and values. Salas as the excellent example of localization gives the Coca-Cola in Peru, where it does not try to present Coca-Cola to the local people as an American company that is in Peru, but as a company of Peruvian people that has headquarters in the U.S. On this way, Coca-Cola gains trust the Peruvian's. On the contrary, sometimes bot the localization and standardization are not the main factors. Van Heerden and Barter (2008), in their work, emphasize that to discover which of these two to use, they are preceded by the political, economic, and cultural aspects that should be analyzed.<sup>51</sup>

For any international company, it is essential to establish localization and adaptation.

It is important to emphasize how culture is crucial in the process of development of the international market, and it has a strong relationship with organizational success and has an influence on the performance of companies.

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<sup>49</sup> Patil, V. V., Myureshnikam (2018). Marketing Strategy Of Coca Cola, *IOSR Journal of Business and Management* (IOSR-JBM), 12(1), 77-85. URL: <http://www.iosrjournals.org/iosr-jbm/papers/Conf.ADMIFMS1808-2018/Volume-1/12.%2077-85.pdf>

<sup>50</sup> Bennett, R., Blythe, J. (2002) *International marketing: Strategy planning, market entry & implementation*. Great Britain: Bell & Bain Ltd

<sup>51</sup> Van Heerden, C. H., & Barter, C. (2008). *The Role of Culture in the Determination of a Standardized or Localized Marketing Strategy*. Department of Marketing and Communication, University of Pretoria, 37-44.

### 4.3.3. Glocal Strategy

The glocal strategy has emerged as a combination of global and international strategies. The main goal of Global marketing strategies is to increase the standardization, integration, and also homogenization, while international strategy is mainly focused on localization.

Sometimes for multinational marketers, it is hard to determine which advertising campaigns and marketing to use. According to this, there are several frameworks that exist. According to Schiffman and Kanuk( 2009), there are five possibilities that include a global strategy that refers to standardized products and communication strategy, furthermore local strategy that refers to products that are customized and also communication program, and finally the glocal strategy, that is a combination of the above mentioned.<sup>52</sup>

PRODUCT STRATEGY	COMMUNICATION STRATEGY	
	Standardized Communications	Localized Communications
Standardized Product	<b>Global Strategy:</b> Uniform Product / Uniform Message	<b>Glocal Strategy:</b> Uniform Product / Customized Message
Localized Product	<b>Glocal Strategy:</b> Customized Product / Uniform Message	<b>Local Strategy:</b> Customized Product / Customized Message
	<b>Glocal Strategy :</b> Customized Product / Customized Message	

**Picture 6.** *A Framework for Alternative Global Marketing (Adapted from Schiffman and Lazar Kanuk, p.472)*

The glocal strategy uses the idea of 'think global, act local' and represent the combination of international and global strategy.

Every successful corporation should develop a glocal strategy by adapting its services and products to the local markets, but also by utilizing its global experience in these markets.

Coca-Cola is a company that uses a Glocal Strategy. By using the qualities of each strategy, Coca-Cola creates an identifiable brand image and adapts to local market needs and different cultures.

<sup>52</sup> Schiffman, L., & Lazar Kanuk L., (2009), *Consumer behavior*. New Jersey: Pearson Prentice Hall Publishing, pp. 471 - 472

Before becoming glocal, Coca-Cola used a global strategy. According to the research of Gardner and McGowan (2010), the five largest companies in the soft drink industry were analyzed. Between these companies, only Coca-Cola was a company that fits with the definition of a global company related to regional triad theory. At that time, the soft drink industry included five big companies: Pepsi, Coca-Cola, National Beverage, Cott, and Cadbury. These companies were accounted for 95% of soft drink sales in the world.<sup>53</sup>

NAFTA	32%
Africa	4%
EEME	28%
Latin America	11%
Asia	25%

*Picture 7. Sales by Coca-Cola- Average from 2000-2004*

In the table above, it can be seen that Coca-Cola was the only company in this industry that has met the triad requirements by having 20% or more in each triad region.

According to the results of the research, it was concluded that the Coca-Cola Company is a Multinational Company that uses the global strategy, without any difference of region or country, where decisions were made at world headquarters.

The table clearly shows that Coca-Cola was the only one of the five companies in the soft drink industry that has met the triad theory requirement of having 20% or more of sales in each of the three triad regions. The other four soft drink companies were home triad region or host country triad region oriented companies.

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<sup>53</sup> Gardner, J.C., McGowan, C. B.,(2010). *A Note on the Regional Triad Model and the Soft Drink Industry*. *Multinational Business Review*. 18 (1), p 89-94. DOI: 10.1108/1525383X201000005

#### 4.3.4 Distribution strategy

Cateora R. et al. (2011) defines distribution as the process that includes the physical procedure, distribution of different goods, and also negotiations between producers and middlemen and vice versa.<sup>54</sup> When some companies decide to enter a foreign country, the first thing they need to do is to choose distributors and channels. Most companies usually rely on external distributors. Coca-Cola's largest markets in the world are China and the United States.

In the United States, the Coca-Cola company established a significant business model with the distribution. Production was outsourced to its bottling and distribution companies. According to this, the syrup was distributed from the Coca-Cola plants to the bottling plants. Furthermore, bottled beverages were distributed from bottling plants to distribution centers, and further to final retail outlets.

The distribution system in China is under the control of the company, and it is very efficient. The process is direct-to-retail distribution.<sup>55</sup>

Daniels et al., n.a (2015) describe that the next step when the company chooses a foreign distributor is to seek potential distributors according to several criteria, like the company's financial strength and good connection. Financial stability is of great importance because of long term relationships between producer and distributor.

The distribution process can also have a lot of challenges, and some of them might be the limited storage facilities of wholesalers and retailers, display space, money for inventories, and transportation for moving or selling merchandise. Before getting into the distribution process, each company should identify all possible problems to avoid them later.<sup>56</sup>

#### 4.3.5 Collaborative strategy

As mentioned earlier, companies in the process of doing international business must decide which operating modes they will choose so they can accomplish their strategies. Companies

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<sup>54</sup> Cateora, R. P., Gilly C.M., Graham J.L. (2011), *International Marketing*, 15th ed, McGraw-Hill/Irwin.

<sup>55</sup> Kant, G., Jacks, M., Aantjes, C., (2008). Coca-Cola Enterprises Optimizes Vehicle Routes for Efficient Product Delivery. *Interfaces*, 38 (1), 40-50. DOI: 10.1287/inte.1070.0331

<sup>56</sup> Daniles, D.J., Radebaugh, H.L., Sullivan, P.D., (2015). *International Business, Environments and Operations*. Pearson Education Limited.

can operate globally in two different ways, that are through equity arrangements and non-equity arrangements.

With the foreign direct investment (FDI) corporation in one country can establish a business operation in another, and it can be done by setting new wholly-owned affiliate, acquisition of another local company, or by forming a joint venture.

Despite political, cultural, competitive, and economic differences, companies can collaborate with local companies that will help them.

Coca-Cola in Kenya includes a joint venture with six other companies. They are producing juices like Minute maid, and these six companies in Kenya include Cola Juice Company (CCC), which is a joint venture between these companies: Nairobi Bottlers, Mt. Kenya Bottlers, Kisii Bottlers, Equator Bottlers, Coastal Bottlers, and Rift Valley Bottlers, and The Coca-Cola Company (TCCC).<sup>57</sup>

Gomez (2002), in his paper, describes Coca-Cola's joint ventures in Peru. Their main competitor in Peru was the Inca Cola. It was introduced before widely known Coca-Cola. After battles for the market share between them ended, Coca-Cola acquired 50 percent of Inca Cola and also purchased 40% of the Corporation. All bottling rights were given to the Corporation, and they are the only bottler for Coca-Cola in Peru. After that, Coca-Cola, with its marketing strategies, introduced Inka Cola to other countries.<sup>58</sup>

In 2019, The Coca-Cola Company completed the acquisition of Costa from Withbread PLC. Costa operates in more than 30 countries and gives Coca-Cola a major shift in global business in coffee. The vision of the Coca-Cola company, by acquiring the Costa Company, is to use a strong Costa influence, so they can spread their portfolio in the coffee category. For years, Costa was the leading international coffee brand, and with this acquisition, Coca-Cola made a significant step that will lead them to the expansion.<sup>59</sup>

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<sup>57</sup> Kwemoi Cheptegei D., and Yabs J., (2016). *Foreign Market Entry Strategies used by Multinational Corporations in Kenya; A case of Coca-Cola Kenya Ltd.*, European Journal of Business and Strategic Management, 2(1), 70-85. URL: <https://www.iprjb.org/journals/index.php/EJBSM/article/view/123>

<sup>58</sup> Ba Banutu Gomez, M. (2012, November 7-8th). *International Trade & Academic Research Conference (ITARC)*, London.UK. URL:

<https://pdfs.semanticscholar.org/6e16/e847831833ae83f483df808db4eb74041d06.pdf>

<sup>59</sup> The Coca-Cola Company. (2019, March 1.). The Coca-Cola Company Completes Acquisition of Costa from Withbread PLC. The Coca-Cola Company. <https://www.coca-colacompany.com/press-releases/the-coca-cola-company-completes-acquisition-of-costa> [24.8.2020]

One of the newest licensing agreements that the Coca-cola company made was with the Ferrero Group, Italian makers of Tic Tac. They launched together in 70 countries Tic Tacs that are made with the Coca-cola. In this case, both brands are very appreciated all over the world and are perfect for connecting people.

#### 4.3.6 Labor relations and management strategy

Labor relation strategies and management strategies are effective strategies firms should use when operating out of their home market. Companies going internationally need to take into consideration the differences in the country's culture, norms, laws, values, and religious beliefs in order to implement these two strategies as well as possible.

Before operating in any country, every company must determine how to staff their facilities. Three frameworks exist in this process. The first one is ethnocentric, then polycentric, and the third one is the geocentric framework.

Stehle (2004), in his publication, explains the difference between these three frameworks.<sup>60</sup>

He describes that Corporate strategy that refers to ethnocentric approach, is focused on a country home outlook, that explains that those who are prosperous at home should be prosperous elsewhere.

In a polycentric approach, every foreign branches is specifiv and unique. Because of that, it is very complicating to manage the business from the home base, so locals in abroad countried are controlling the business.

A geocentric orientation is the mix of the globally approach and a compromise between the ethnocentrism and polycentrism. In the geocentri approach, the best person is recruited to operate with the headquarters and subsidiaries. This approach is a combination of home, host-country, and managers from the third-party.

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<sup>60</sup> Stehle, W., (2004). *Transfer of human resource policies and practices from German multinational companies to their subsidiaries in South East Asia*, University of Southern Queensland, Australia Faculty of Business, A Dissertation submitted by Wolfgang Stehle, Diplomingenieur (TU), MBA(INSEAD), p.48

	<b>Underlying belief</b>	<b>Senior management staffing</b>	<b>IHRM approach</b>
<b>ethnocentric</b>	What works at home will work everywhere	Mostly from home country	exportive
<b>polycentric</b>	Every country is different	Mostly from the local operation	adaptive
<b>geocentric</b>	Global integration integrates the good things from each country to find one best way	Best talent internationally available	integrative

**Picture 8.** Comparison between ethnocentric, polycentric and geocentric orientation, Stehle (2004)

Coca-Cola is using a geocentric staffing approach, and that is why it is so successful. A geocentric strategy can sometimes be challenging to initiate because of cultural differences managers will encounter.

#### 4.3.7 Diversification strategy

Coca-Cola in its portfolio has more than 3.300 beverages that range from diet and regular sparkling to fruit juices, drinks, waters, sports and energy drinks, teas and coffees, etc. their beverages are spread all around the globe.<sup>61</sup>

The product diversification strategy describes any modification of the current product. This process differs a lot from the development of the product. It is a process that involves making a new base for the customers, and on that way they spread the potential of the product. This process is made by brand extensions or by the implementation of the new brands.

<sup>61</sup> The Coca-Cola Company Official page- Brands. URL: <https://www.coca-colacompany.com/brands> [1.9.2020]



With the implementation of Product diversification strategies, dangers can come. one of them includes a misunderstanding of the new customer base that comes with the development of a market, and the other one is a loss of meaning of the original brand.<sup>62</sup>(Product, 2010).

The Coca-Cola Company, in its portfolio, has a wide range of non-alcoholic beverages that are produced and distributed to their customers all around the world.

The company offers consumers different drinks that can be shared into three categories: sparkling beverages, still beverages, and waters.

Brands such as Coca-Cola, Diet Coca-Cola, Sprite, and Fanta, are part of the traditional offer of sparkling beverages. Products in this category represent a significant segment. They offer consumers a satisfying and enjoyable solution to keep good hydration.

One of the best products that the Coca-Cola company launched in history is Coca-Cola Zero. In 2009, Coca-Cola said that it sold more than 600 million cases globally.

In Japan in 2016. Coca-Cola launched Fanta Lemon +C. The drink contains a high level of vitamin C. It was sold to increase Fanta trademark sales and also to meet the needs of consumers for more vitamin C.

In New Zeland, in 2014. Coca Cola Company introduced MOST. MOST is a range of 100% organic juices that is created from organic New Zealand apples. It is targeted for urban and sophisticated adults and cafe dwellers. It is available in 275 ml bottles and different flavors like apple, apple, orange and mango, apple and peach, .etc. Today MOST juices are the most profitable part of the New Zeland juice portfolio and continue its growth every year.

In Central and Southern Europe, Coca-Cola launched a new Fanta identity. It has a unique bottle shape that was an asymmetrical and unique logo. <sup>63</sup>

Coca-Cola company also has san a wide range of water brands. Water is the fundamental product in countries that are not so used to carbonated drinks. Belarus is a great example. There Coca-Cola offers six different kinds of water in the BonAqua Line.<sup>64</sup>

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<sup>62</sup>Marketing Problem Solving-MPS (2020). Product divesification. Growing sales of a new product on the new market. <http://www.theproduct.com/marketing/diversification.htm> [5.9.2020]

<sup>63</sup> The Coca-Cola Company. (2016)Coca-Cola Journey. A World of Innovation: 17 new Coca-Cola products refreshing consumers around the Globe. <https://www.coca-colaafrica.com/stories/virtual-taste-test> [5.9.2020]

<sup>64</sup> Ba Banutu Gomez, M. (2012, November 7-8th). International Trade & Academic Research Conference (ITARC ), London.UK. URL: <https://pdfs.semanticscholar.org/6e16/e847831833ae83f483df808db4eb74041d06.pdf>

## 5. COCA-COLA STRATEGY IN EUROPE

Coca-Cola began its journey in Europe back in 1900. when the first drinks were brought. Coca-Cola was produced locally for almost a century until the signing of the first local European bottling agreements in France occurs in 1919. Later Coca-Cola began to spread to other European countries, among which was Croatia.

Nowadays, Coca-Cola, in its portfolio, has approximately 800 beverages that are produced across the European Union. With the Coca-Cola Hellenic Bottling Company, it creates around 40 000 jobs and also around 400 000 indirect jobs around the world.<sup>65</sup>

In 1968, Coca-Cola appeared on the Croatian market, and it remains present in the Croatian market up to today. Coca-Cola HBC Croatia is one of the biggest beverage industries in the country. It is a bottler and also produces and distributes products. The headquarter of the company is in Zagreb, and the bottling company is there also. The company has six warehouses through which the products are distributed. The portfolio of the company in Croatia consists of standard brands like Fanta, Sprite, Coca-Cola Zero, Coca-Cola, etc. As a company, they are constantly trying to expand their offer and give the wider choice of products to consumers. Coca-Cola HBC Croatia is a part of the Coca-Cola Hellenic Group. Coca-Cola Hellenic Group has spread around 28 countries and supplies the enormous market.

Coca-Cola, in its international strategy implementation on the European market, uses the Glocal strategy.

Foster (2008), in his book, said that the Coca-Cola Company is always and everywhere a local business. With pursuing a glocal strategy, Coca-Cola localizes a distinctively American drink in the foreign markets.<sup>66</sup>

This strategy is a combination of both international strategy and global strategy. Utilizing the qualities of both strategies, Coca-Cola has an identifiable brand image and also embrace cultural differences. With the Glocal strategy, Coca-Cola distinguishes itself from other brands and also becomes attractive to local market needs.

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<sup>65</sup> The Coca-Cola Company. (2020). Without Europe, Coca-Cola would never have become the global brand it is today. Coca-Cola EU Dialogue. <https://www.coca-cola.eu/news/100-years-in-europe/> [7.9.2020]

<sup>66</sup> Foster R.J. (2008) Glocalizing Coca-Cola. In: Coca-Globalization. Palgrave Macmillan, New York. DOI: 10.1057/9780230610170\_2

Phillip Kotler describes three advantages of glocal marketing (Kotler, 2009), as follows:

- Brand is tailored to consumers needs and wants.
- Balance between the different levels of marketing activity exist: strategic, tactical, and operative.
- Brands gain greater market share.<sup>67</sup>

Coca-Cola, as a company, puts a lot of emphasis on listening to local business partners, so they can adapt their products and add messages to local wants and needs. Every glocal manager or brand manager from the headquarters has the task of communicating with the local branches and, on that way, to take the complete advantage of local information, knowledge, and expertise.

In the process of glocalization and adaptation of companies to different regions and countries, some global tactics need to be taken into consideration. These tactics are connected to the marketing mix (product, price, place, and promotion).

#### Product

Coca-Cola is adapting its product to local needs, wants, and culture. In European countries like France, Coca-Cola offers Coca-Cola Blāk, the whose intended audience is savvy and sophisticated. For example, Fanta offers country-specific flavors. In Romania, 'Fanta Shokata' is based on the socata, which is a traditional juice made from elderflower. In Portugal and Spain, watermelon Fanta was introduced. In Croatia, according to the market research that indicates how Croats are big coffee fans, Coca-Cola introduced its most famous beverage with coffee-Coca-Cola Plus Coffe.

#### Price

Coca-Cola uses a Glocal strategy involving positioning trough the price. According to this, prices are different in different markets. For example, in Europe, the most expensive bottle of 2-liter Coke can be bought in Oslo, Norway, for 4.77\$, while the cheapest one in Istanbul, Turkey for 0.93\$. Croatia is between these two countries with a price of 2.20\$.<sup>68</sup>

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<sup>67</sup> Kotler, Ph. et al., (2009), Marketing Management – European Edition. Harlow, England: Pearson Prentice Hall Publishing, pp. 467 - 468

<sup>68</sup> Gould, S., Hoffower, H., & Gal, S., (2018, May 26). 15 Maps that show how much things cost around the world. Business Insider-Australia. <https://www.businessinsider.com.au/prices-around-the-world-rent-iphone-2018-5> [9.9.2020]

## Promotion

In every country it operates, Coca-Cola uses unique advertising to adapt to different cultures, but every ad is still unmistakably connected to Coke. The last example of the Coca-Cola campaign is somehow related to every country, but also the whole world. With the campaign 'Open like never before,' Coca-Cola tries to encourage people that despite the problems connected with the coronavirus, life still goes on. In their campaign they together with the Coca-Cola HBC Croatia - its partner bottling plant, and The Coca-Cola Foundation - a foundation aimed at supporting philanthropic activities in the communities in which Coca-Cola operates, they have decided to donate more than \$ 100 million globally to organizations leading support in the fight against COVID -19 crisis.

Thus, The Coca-Cola Foundation donated more than 2.5 million kunas to the Croatian Red Cross. Of that, HRK 1.7 million is intended for activities related to the COVID-19 disease pandemic, and HRK 850 thousand for assistance to groups of citizens most affected by the earthquake in Zagreb and the Zagreb area.<sup>69</sup>

## Place

Coca-Cola products are sold in more than 200 countries across six operating regions that include Europe, Eurasia and Africa, Latin America, North America and Pacific.

The Coca-Cola distribution system is very complex. It operates through multiple channels. The company, besides manufacturing and selling concentrates, syrups, and beverage bases, is also responsible for marketing initiatives of the brand. Coca-Cola's bottling partners manufacture, package, merchandise, and distribute beverages to their partners and customers, and finally sell their products to their consumers.

Bottling partners of the company work closely with the customers that include restaurants, grocery stores, movie theatres, street vendors, etc. They together perform localized strategies for the company. After this process, coca-cola products are sold to the final customers.

Even Coca-Cola's glocal strategy indicates how important the adaptation of the product attributes and advertising messages were to the local tastes in 2016. Coca-Cola Company has launched the 'One Brand Strategy' in all countries it operates. With their standard offer, the Coca-Cola Company has four flagship products, namely Classic Coke, Coke Light/Diet with

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<sup>69</sup> Jatrgovac.hr. (2020. August 8). Nova kampanjaCoca-Cole u Hrvatskoj, <https://www.jatrgovac.com/nova-kampanja-coca-cole-u-hrvatskoj/> [11.9.2020]

no sugar and lighter taste, Coke Zero with no sugar, and exact taste as Classic Coke, and Coke Life with sugar and stevia extracts. The packaging of all products was different and included different colors.



*Picture 9. Coca-Cola's four flagship products*

As the red color is the recognizable color of the Coca-Cola company and represents joy, happiness, love, sharing, and family, every color also has its meaning and arouse positive emotions in people. According to it, Coca-Cola decided to change all four beverages into red packaging to be more recognizable.

In Croatia, One brand strategy included the merger of the Coca-Cola Classic and Coca-Cola Zero, into a single Coca-Cola offer with two versions, with the identical design and stylistic features. Even this strategy helped the Coca-Cola company to improve its retail sales, the adaptation to local markets and singularity with the One Brand Strategy disappeared.



*Picture 10. Coca-Cola's four flagship products after re-branding*

## **6. COCA-COLA MARKET RESEARCH**

This chapter presents the results of consumer opinions on the survey about the Coca-Cola brand. The research was conducted through an online survey with the aim to determine the knowledge of the Coca-Cola brand, the attitudes of respondents about Coca-Cola as a beverage, and the prevalence of its consumption.

### **6.1 Research Methodology**

The research began with assumptions about consumer attitudes about Coca-Cola as a beverage and a brand represented worldwide. The primary data sources were collected, and as a survey method, a survey questionnaire was selected. After the questionnaire was formed, data collection began. The last phase in the research included the processing of the collected data.

#### **6.1.1 Research objectives**

The aim of the research was to determine the attitude of consumers about Coca-Cola as a brand and drink known throughout the world. Furthermore, to determine how reliable the brand is, whether the price of the brand corresponds to its quality, and to what extent Coca-Cola as a drink is represented among the population. On what age groups, Coca-Cola is focused most, and whether Coca-Cola as a brand is the same in all markets.

The first chapter of this paper lists two working hypotheses that read:

H1: Coca-Cola is a company that uses the Glocal Internationalization Strategy

H2: Coca-Cola as a beverage is different in every country

#### **6.1.2 Testing methods**

The survey method that was used in this research was a survey questionnaire that was posted on the Internet. Respondents receive a link to the survey via social media.

The survey consisted of 19 questions divided into three parts, to which the respondents were able to answer by combining one correct and several correct answers. All questions were formed based on the author's research.

The first and second parts of the question are formed based on the author's research, while the third part refers to socio-demographic data by which general information about the respondents (age, gender, employment, and education) was collected.

The first part of the question refers to Coca-Cola as a brand and beverage widely represented in the world, and to the attitude of consumers about the reliability, quality and value of Coca-Cola as a beverage and as a brand.

The second part of the question concerns consumers' perceptions of Coca-Cola as a brand and beverage, the extent to which they consume Coca-Cola, which age groups it is focused on, and in which media it is prevalent.

The third part of the survey questionnaire refers to the general socio-demographic data of the respondents, such as age, gender, level of education, and employment.

An example of a questionnaire is positioned in the Attachments. Descriptive statistics methods were used for comparative analysis of collected data. The task of descriptive statistics is to describe the collected data and present them in a clear and understandable way. For this purpose, relative structure numbers (percentages) were calculated, and graphical representations were made.

### 6.1.3 Test sample

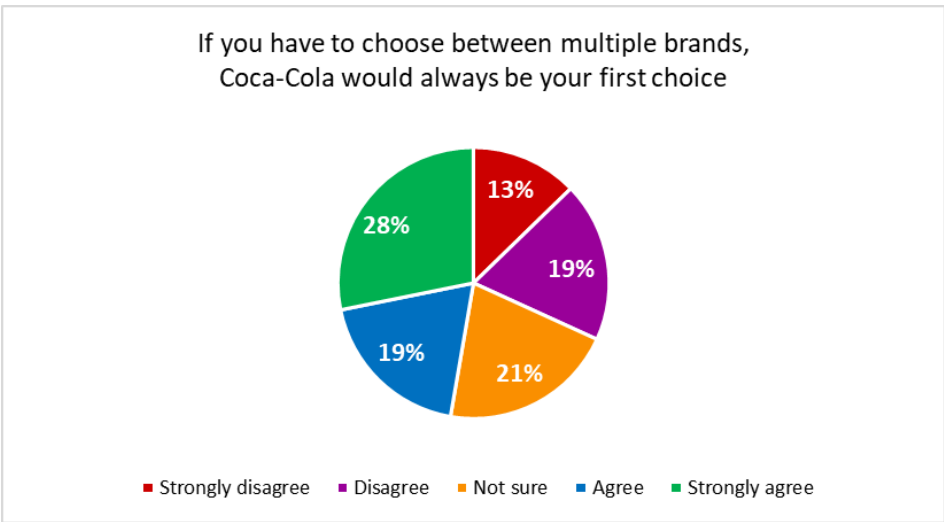
The research was conducted in the period from 10.08. to 15.08. In 2020, on a sample of 110 respondents. Respondents voluntarily participated in the research, and it was anonymous. As research limitations, a small sample of respondents, as well as their different lifestyles, can be listed.

**6.2 Research Results**

The following are the results of the research according to the questions in the survey questionnaire. The questions will be presented one by one. For ease of understanding, the results of each question will also be presented graphically.

In the survey questionnaire, the first group of questions (1-10) is formed so that the respondent answers the questions with a rating scale from 1 to 5. The rating scale refers to the following answers: 1- Strongly disagree, 2- Disagree, 3- Not sure, 4- Agree, 5- Strongly Agree

The results of the research are shown in the diagrams in the figures below.



*Picture 11. Answers on the 1. question of the survey questionnaire*

On the question ' If you have to choose between multiple brands, Coca-Cola would always be my first choice,' 28% of people have answered that they strongly agree that Coca-cola would be their first choice when choosing a soft drink.

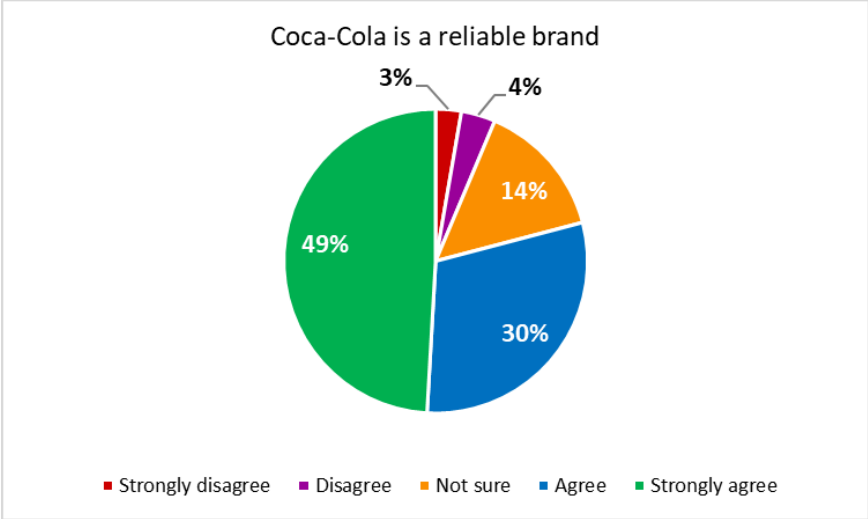
19% of the population agree with this question, while 21% are not sure would Coca-cola be their first choice.

The next 19% disagree and are not preferring Coca-cola as a drink, while 13% of the population strongly disagree and do not take Coca-cola as an option at all.



According to these results, it is evident that Coca-Cola is a highly consumable drink among people in comparison to its competition.

On the second question, is a Coca-Cola reliable brand, respondents answered:



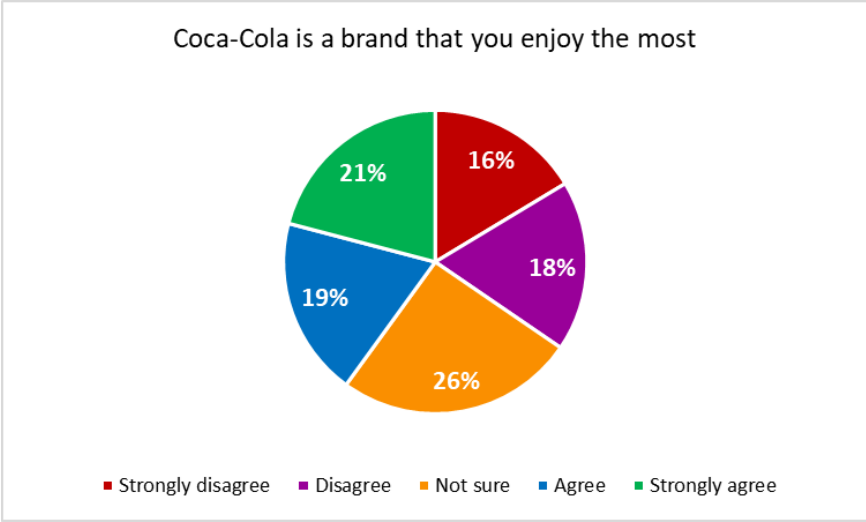
*Picture 12. Answers on the 2. question of the survey questionnaire*

As can be seen from the graphic representation, 49% of the population considers that Coca-Cola as a brand is very reliable. Furthermore, 30% also agree with this, while 14% are not sure and can't decide this statement right or not.

7% of the population disagree and do not think that Coca-Cola as a brand is reliable.

According to different research, Coca-Cola as a beverage was always seen as reliable and imaginative, which can also be read from the percentages from the graph, where the majority of respondents (49%) assume that Coca-Cola is a reliable brand.

The third question is connected to is a Coca-Cola brand that consumers enjoy the most.



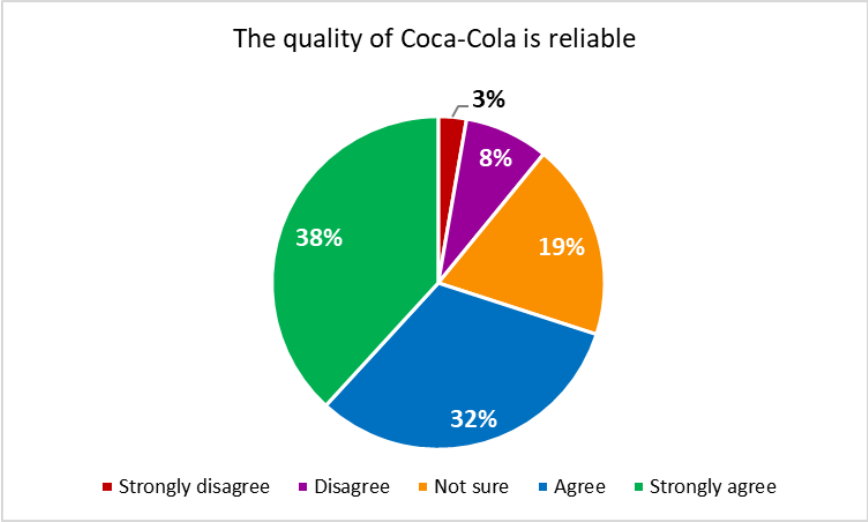
*Picture 13. Answers on the 3. question of the survey questionnaire*

According to the results, the most significant part of the population can not declare themselves about the question is a Coca-Cola brand they enjoy the most. 26% of them answered that they are not sure.

21% of the population prefers Coca-Cola as a brand that they enjoy the most, and they strongly agree with this statement. 19% of the respondents agree with the information, while on the opposite, 18% of them disagree and not prefer Coca-cola as a brand they enjoy the most. 16% strongly disagree with this statement.

The results of this question are presenting that even Coca-cola is one of the most popular brands worldwide; there are also other brands that people enjoy even more.

The fourth question in the first part of the questionnaire connects the quality and reliability of Coca-Cola.

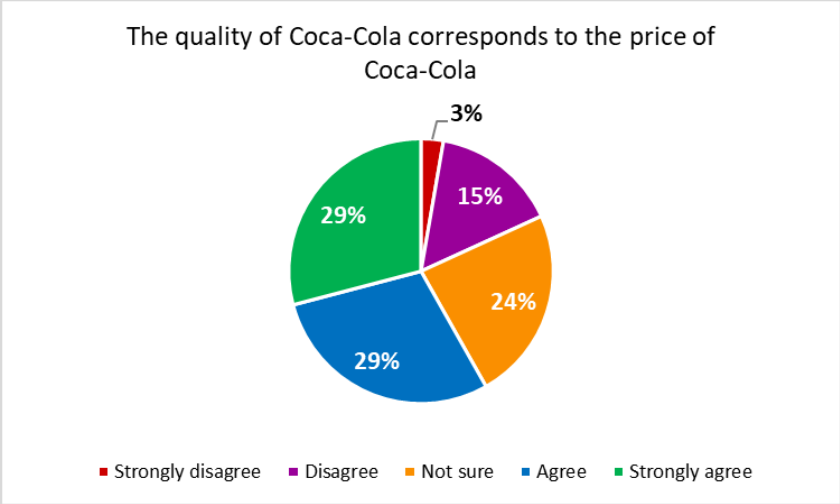


*Picture 14. Answers on the 4. question of the survey questionnaire*

The majority of the respondents, correctly 38%, strongly agree that the quality of Coca-cola is reliable, following with the 32% where people agree.

19% of the population is not sure does the quality of Coca-cola represents the reliability, while 8% of people disagree, following the 3% of the population who disagree entirely with this statement.

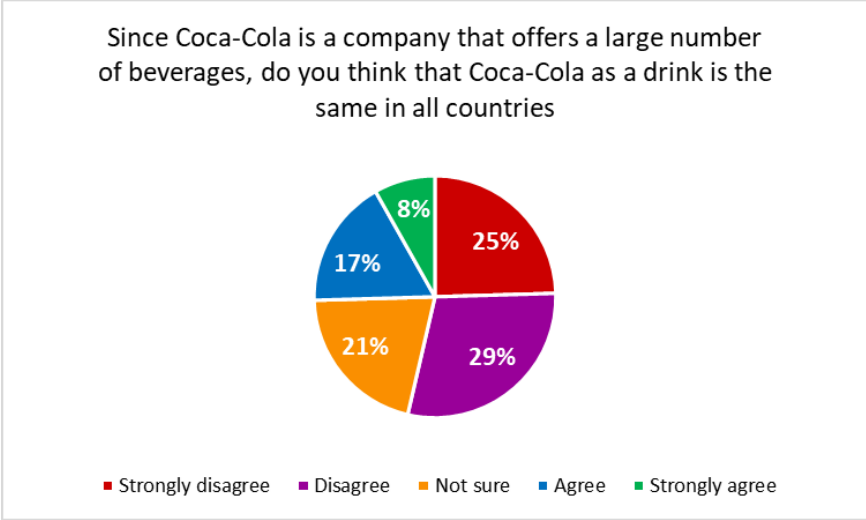
The fifth question refers to does the quality of Coca-Cola corresponds to the price of Coca-Cola.



*Picture 15. Answers on the 5. question of the survey questionnaire*

On the question, does the quality of Coca-Cola corresponds to the price of Coca-Cola, approximately 60% of the respondents strongly agree and think that for the price that you give for the Coca-cola, you will get the quality product. 24% of them are not sure and can not declare themselves about this, while 18% disagree and think that for the given price, they will not get the quality product.

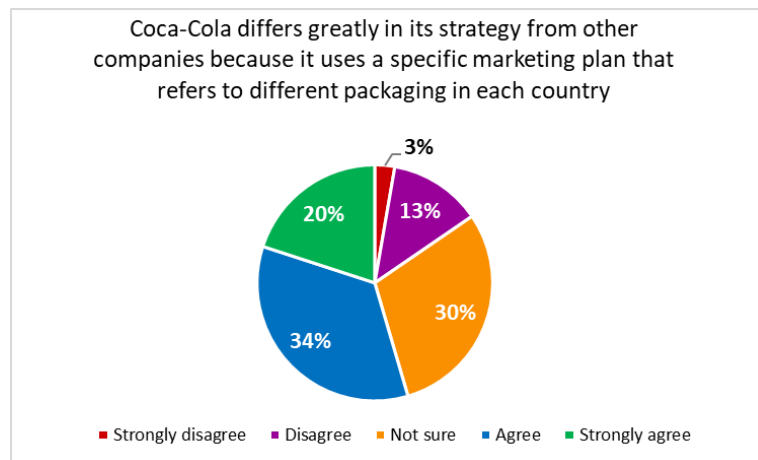
In this question, respondents were asked do they think that Coca-cola as a drink is the same in all countries.



*Picture 16. Answers on the 6. question of the survey questionnaire*

On this question, more than 50% of respondents disagree with the statement that coca-cola as a drink is the same in all countries. 21% of them are not sure about it, while the rest of them, 25%, think that Coca-cola as a drink is the same in all countries around the world. According to the results, it is evident that the respondents have recognized that Coca-Cola adapts to every country and takes into consideration culture, values, and beliefs.

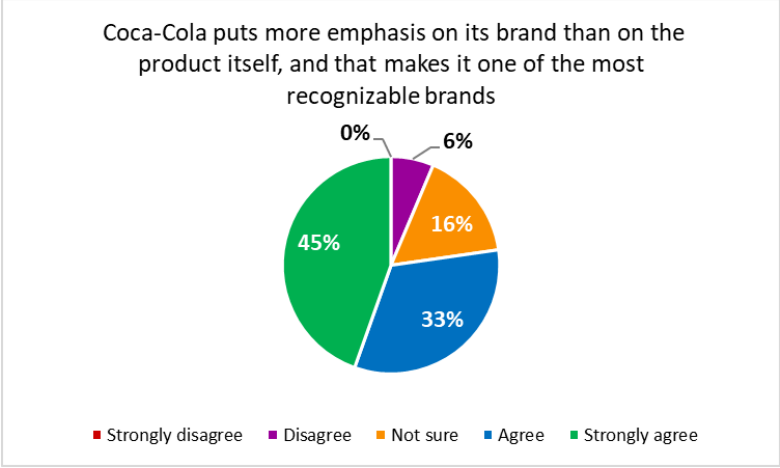
The seventh question refers to different packaging that Coca-cola is using in each country.



*Picture 17. Answers on the 7. question of the survey questionnaire*

According to the graphical representation of the results, it can be concluded that more than 50% of respondents agree that the Coca-Cola marketing strategy differs in each country related to different packaging of the beverage. 30% of the respondents can not declare themselves, while only 16% of respondents disagree with this statement.

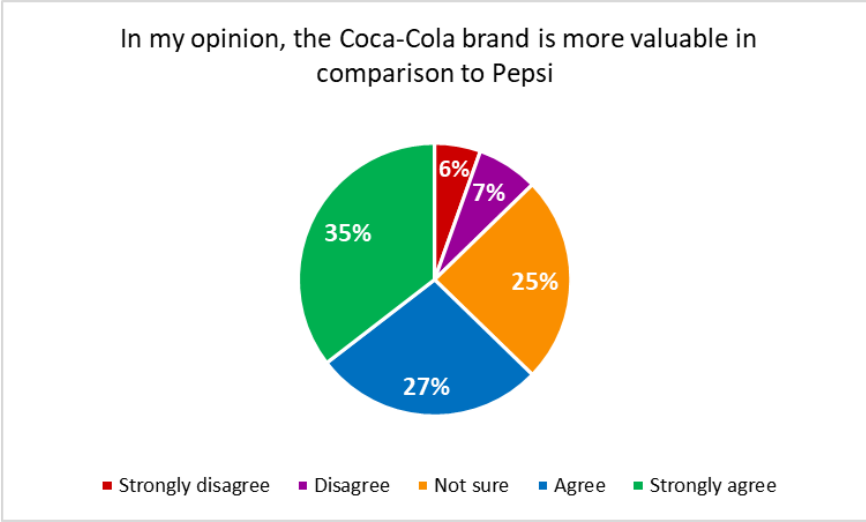
Eight questions in the first part of the questionnaire is related to the assumption that Coca-Cola puts more emphasis on its brand than on the product itself.



**Picture 18.** Answers on the 8. question of the survey questionnaire

Close to 80% of people agree with the statement that Coca-Cola is more focused on the brand than on the product itself. 16% disclose themselves that they are not sure, only 6% of them disagree with the statement, which indicates that all respondents understand how Coca-Cola function and how much they invest in the brand. Coca-Cola is more recognizable as a brand than as a beverage.

When comparing two most represented rival brands in the world, the attitude of consumers about their value says the following:

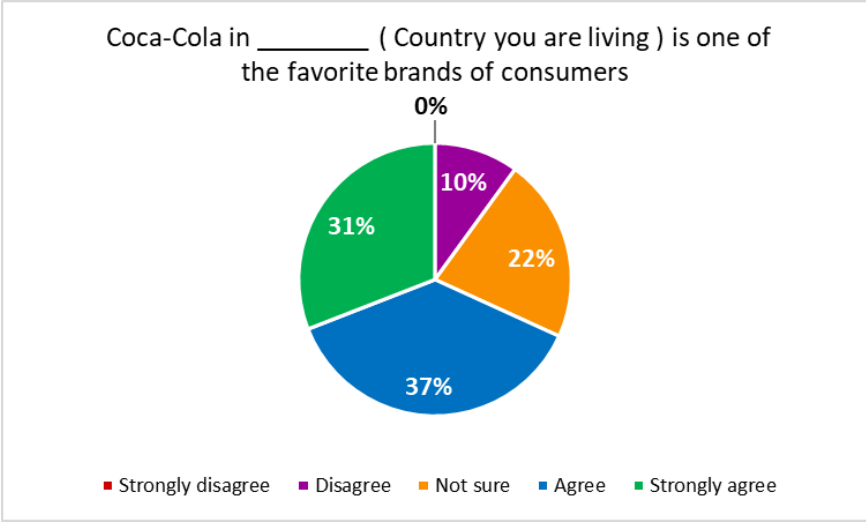


*Picture 19. Answers on the 9. question of the survey questionnaire*

More than half of the respondents, around 60%, think that the Coca-Cola brand is more valuable than Pepsi. 25% of them can not disclose these statements, while more than 10 % disagree with this statement and think that Pepsi is a more valuable brand than Coca-Cola.



The last question from the first part of the questionnaire is related to is the Coca-Cola in the country they are living a favorite brand of the consumers.

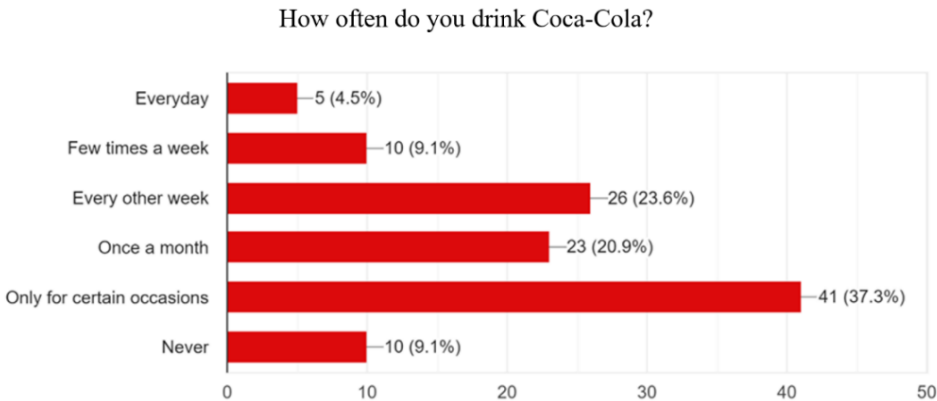


**Picture 20.** Answers on the 10. question of the survey questionnaire

It is important to emphasize that most respondents were from Croatia. According to the majority of the results of respondents, close to 70% of them consider that Coca-Cola is a favorite brand of the consumers. 22% of them are not sure, while only 10% of them disagree and think that Coca-Cola is not one of the favorite brands of consumers.

The second part of the questionnaire was related to consumers' perceptions of Coca-Cola as a brand and beverage, the extent to which they consume Coca-Cola, the age groups Coca-Cola is focused on, and the media in which it is represented.

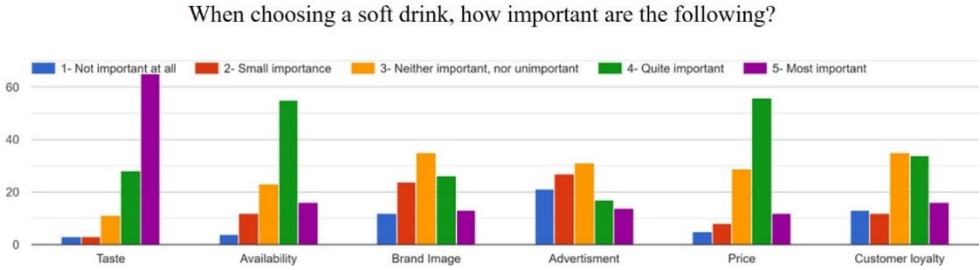
On the question how often respondents drink Coca-Cola, only one answer was possible. Respondents could choose between six offered options: Everyday; Few times a week; Every other week; Once a month; Only for certain occasions, and Never.



**Picture 21.** Answers on the 11. question of the survey questionnaire

According to the graphical representation, only 5% of respondents consume Coca-Cola every day, while 9% of them consume Coca-Cola few times a week. Coca-Cola is consumed every other week by 24% of people, and once a month by 21%. The majority of respondents, 37%, answered that they consume Coca-Cola only for certain occasions, while 9% of respondents never consume Coca-Cola. The results indicate that Coca-cola is mostly consumed for certain occasions, on family and friends gatherings. According to this, it very clear why Coca-Cola, as a company, plays on emotions, especially in their marketing campaigns.

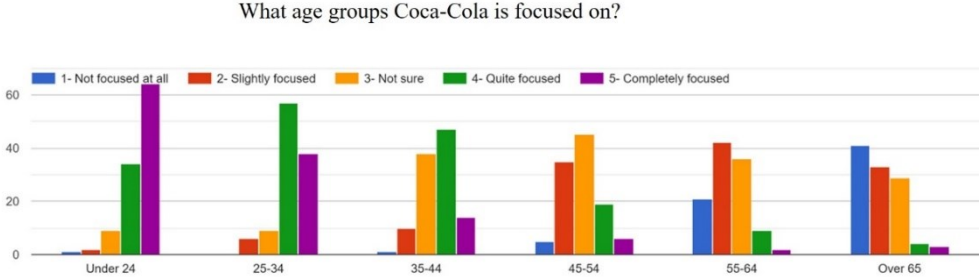
The next question of the second part of the survey explains how important for consumers are taste, availability, brand image, advertisement, price, and customer loyalty when choosing a soft drink. The importance is ranked from: Not important at all; Small importance; Neither important nor unimportant; Quite important, and most important.



**Picture 22.** Answers on the 12. question of the survey questionnaire

As the most important factor when choosing a soft drink, almost 90% of respondents agree that taste is really important. Around 50% of them think that availability and price are quite important, while around 60% think that brand image and advertisements are neither important nor unimportant. For customer loyalty, 34% think that it is quite important, while 35% think it is neither important nor unimportant.

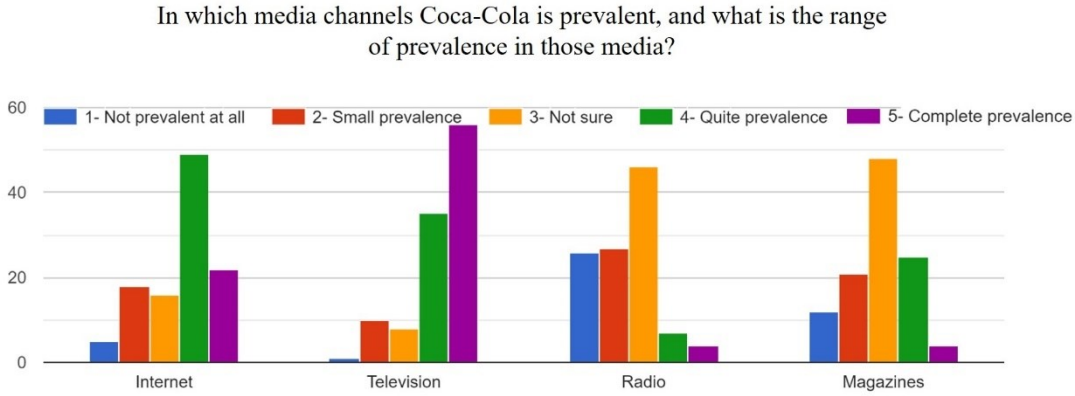
This question represents the attitudes of respondents about age groups on which Coca-Cola is focused. Answers range from: Not focused at all, Slightly focused; Not sure; Quite focused to Completely focused.,



**Picture 23.** Answers on the 13. question of the survey questionnaire

According to the graphical representation and respondents' attitudes, it can be concluded that more than 98% of people think that Coca-Cola is mostly focused on the age group under 24 (quite focused and completely focused). Around 95% of them assert that it is focused on age groups from 25-35 years. Approximately 40% of respondents think Coca-Cola is quite focused on a group from 35-44, while on groups from 45-54 and 55-64, it is slightly focused. On group over 65 years, respondents think that Coca-Cola is not focused at all.

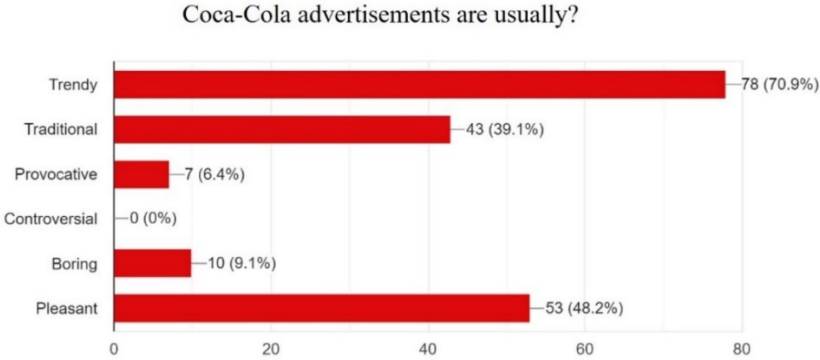
The Fourteen question from the second part of the survey indicate in which media channels Coca-Cola is prevalent and what is the range of prevalence in those media.



**Picture 24.** Answers on the 14. question of the survey questionnaire

According to the results derived from this question, it is evident that Coca-Cola is prevalent the most on the television; approximately 80% of people think that television is the medium in which they encounter Coca-Cola the most. 70% of them believe that Coca-Cola is quite prevalent on the Internet, while the least prevalence is for the Radio and Magazines, where a similar percentage of respondents, around 50%, answered that they are not sure.

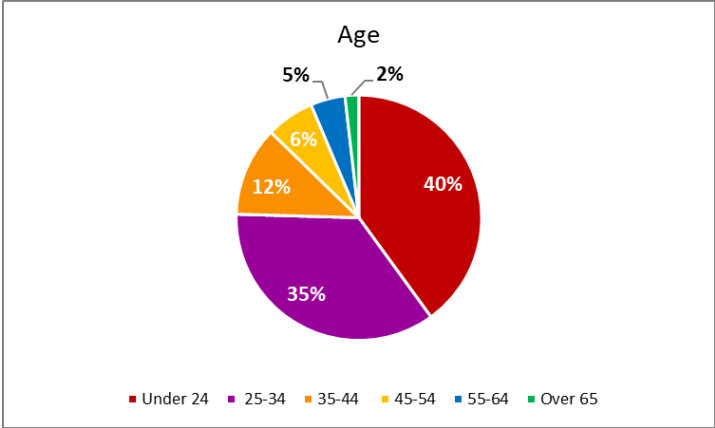
The last question in the second part of the questionnaire asked the consumers to describe what Coca-Cola advertisements are like. The offered options were: trendy, traditional, provocative, controversial, boring, and pleasant. In this question, more than one answer was possible.



*Picture 25. Answers on the 15. question of the survey questionnaire*

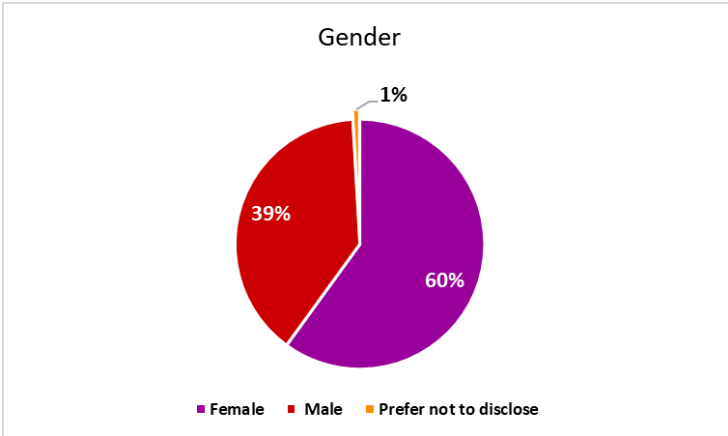
Results indicate that 71% of respondents perceive Coca-Cola advertisements as trendy. For 48% of them, Coca-Cola ads are pleasant, and 39% perceive them as traditional. Additionally, 9% of respondents think that they are boring, while 6% perceive them as provocative. None of the respondents believe that Coca-Cola advertisements are controversial.

The third part of the survey refers to the general socio-demographic data of the respondents, such as age, gender, level of education, and employment.



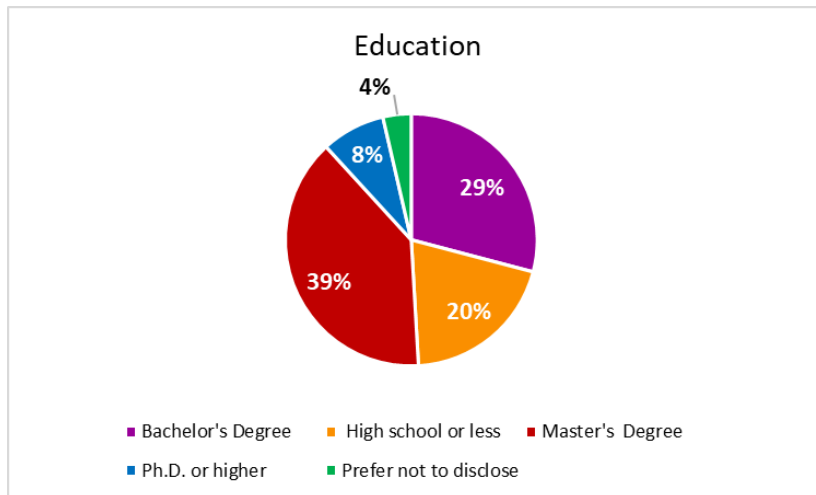
*Picture 26. Answers on the personal questions from the survey questionnaire*

As shown in the graphical representation, most respondents, 40% of them come from age groups under 25 years. From the age groups of 25-34 years, 35% of them and 12% of them belong to the age group of 35-44 years. 6% comes from the age groups of 45 to 54 years, while the smallest percentage comes from the age groups of 55 to 64 years or over 65 years.



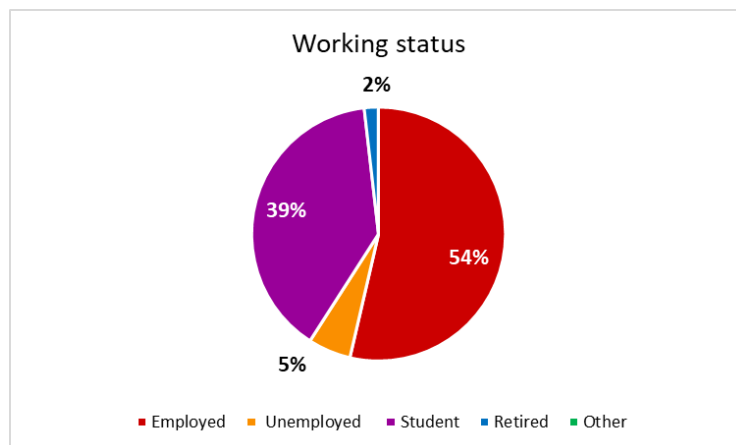
*Picture 27. Answers on the personal questions from the survey questionnaire*

Regarding the gender of the respondents, out of a total of 110 respondents, 60% are women, while 39% are men. One person declined to comment.



**Picture 28.** Answers on the personal questions from the survey questionnaire

Among the respondents, the largest number has a Master's degree, 39% of them, 29% have a bachelor's degree, 20% have completed high school or less. 8% of respondents have Ph.D. or higher, while 4% prefer not to disclose.



**Picture 29.** Answers on the personal questions from the survey questionnaire

As a working status, more than half of the respondents stated, precisely 54% of them that they are employed. 39% are students, 5% are unemployed, while only 2% of respondents are retired.



## 7. CONCLUSION

The purpose of this thesis was to explore the presence of Coca-Cola as a beverage and brand on the market, the extent to which it is consumed, and whether consumers believe that Coca-Cola is the same in every part of the world, whether it uses the same strategies, and what strategy does the Coca-Cola company use the most. The working hypotheses were based on two assumptions. The first was that Coca-Cola uses the Glocal Strategy when entering foreign markets, and the second was based on the belief that Coca-Cola as a beverage is different in all countries.

The research confirmed both hypotheses, but also provided many other insights into consumer attitudes about Coca-Cola as a beverage and brand.

The fact is that large multinational companies often have to face various factors that hinder their growth and development, such as cultural and numerous economic problems, but Coca-Cola as a company successfully overcomes all its obstacles using its rather aggressive approach. According to this, today, the Coca-Cola Company has the title of one of the strongest companies in the world that put all its focus on the brand as its main feature.

From the presented working hypotheses, it can be concluded that consumers have recognized that Coca-Cola as a beverage is not the same in every part of the world, and thus confirmed the supported theses that Coca-Cola as a company adapts to each market. This supports the hypothesis that Coca-Cola uses the Glocal Strategy, whose ideology is 'Think local, act global.' Also, the importance of the brand for Coca-Cola, which plays the most significant role in its success, has been proven.

No matter how successful a Coca-Cola monopolist is, one should be aware that things are changing. Despite building its empire for more than a century, the market is unpredictable, and a company similar to Coca-Cola can start its new story tomorrow, using new strategies and keeping the whole world in its hands.

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## 9. ATTACHMENTS

### 9.1 Survey Questionnaire

The survey questionnaire can be found at <https://forms.gle/x71pZsrUuAC2egNo7>

The questionnaire consists of three pages that are represented with pictures 30.,31., and 32.

The image shows a screenshot of a survey questionnaire titled "Coca-Cola Questionnaire". The header features the Coca-Cola logo. The questionnaire is divided into several sections:

- Introduction:** States the aim is to collect data for a thesis by Jana Grigic, a student at the Faculty of Economics and Business (BdIB). It notes the questionnaire has three parts and is short and concise.
- PART I:** This part covers questions related to Coca-Cola as a brand and beverage. The answers range from 1-5: 1- Strongly disagree, 2- Disagree, 3- Not sure, 4- Agree, 5- Strongly agree.

The survey contains 10 questions, each with a 5-point Likert scale:

1. If you have to choose between multiple brands, Coca-Cola would always be your first choice? \*
2. Coca-Cola is a reliable brand? \*
3. Coca-Cola is a brand that you enjoy the most? \*
4. The quality of Coca-Cola is reliable? \*
5. The quality of Coca-Cola corresponds to the price of Coca-Cola? \*
6. Since Coca-Cola is a company that offers a large number of beverages, do you think that Coca-Cola as a drink is the same in all countries? \*
7. Coca-Cola differs greatly in its strategy from other companies because it uses a specific marketing plan that refers to different packaging in each country? \*
8. Coca-Cola puts more emphasis on its brand than on the product itself, and that makes it one of the most recognizable brands? \*
9. In my opinion, the Coca-Cola brand is more valuable in comparison to Pepsi? \*
10. Coca-Cola in \_\_\_\_\_ (Country you are living) is one of the favorite brands of consumers? \*

*Picture 30. The first page of the survey questionnaire*

11. How often do you drink Coca-Cola? \*

One possible answer

Everyday

Few times a week

Every other week

Once a month

Only for certain occasions

Never

12. When choosing a soft drink, how important are the following: \*

Rank answers according to preferences. 1- No important at all, 2- Small importance, 3- Neither important, nor unimportant, 4- Quite important, 5- Most important

	1- Not important at all	2- Small importance	3- Neither important, nor unimportant
Taste	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brand Image	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Advertisement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. What age groups Coca-Cola is focused on? \*

Rank answers according to preferences. 1- Not focused at all, 2- Slightly focused, 3- Not sure, 4- Quite focused, 5- Completely focused

	1- Not focused at all	2- Slightly focused	3- Not sure	4- Quite focused	5- Completely focused
Under 24	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25-34	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
35-44	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
45-54	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
55-64	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over 65	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. In which media channels Coca-Cola is prevalent, and what is the range of prevalence in those media? \*

Rank answers according to preferences. 1- Not prevalent at all, 2- Small prevalence, 3- Not sure, 4- Quite prevalence, 5- Complete prevalence

	1- Not prevalent at all	2- Small prevalence	3- Not sure	4- Quite prevalence	5- Complete prevalence
Internet	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Television	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Radio	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Magazines	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15. Coca-Cola advertisements are usually? \*

More than one possible answer

Trendy

Traditional

Provocative

Controversial

Boring

Pleasant

Picture 31. The second page of the survey questionnaire

Age \*

Under 24

25-34

35-44

45-54

55-64

Over 65

Gender \*

Female

Male

Prefer not to disclose

Education \*

High school or less

Bachelor's Degree

Master's Degree

Ph.D. or higher

Prefer not to disclose

Working status \*

Employed

Unemployed

Student

Retired

Other

Prefer not to disclose

Picture 32. The third page of the survey questionnaire

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