COCA-COLA: International Business Strategy for Globalization

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International Differentiation Strategy, Global Strategy, International Marketing Strategy, Culture in International Marketing Strategy, Coca-Cola Strategy, International Distribution Strategy, Choosing Distributors and Channels, The Challenge of Distribution, Hidden Costs And Gains In Distribution, International Collaborative Strategy, International Labor Relations and Management Strategy, and International Diversification Strategy.

Abstract
The purpose of this research was to analysis the efficiency of global strategies. This paper identified six key strategies necessary for firms to be successful when expanding globally. These strategies include differentiation, marketing, distribution, collaborative strategies, labor and management strategies, and diversification. Within this analysis, we chose to focus on the Coca-Cola Company because they have proven successful in their international operations and are one of the most recognized brands in the world. We performed an in-depth review of how effectively or ineffectively Coca-Cola has used each of the six strategies. The paper focused on Coca-Cola's operations in the United States, China, Belarus, Peru, and Morocco. The author used electronic journals from the various countries to determine how effective Coca-Cola was in these countries. The paper revealed that Coca-Cola was very successful in implementing strategies regardless of the country. However, the author learned that Coca-Cola did not effectively utilize all of the strategies in each country.

Introduction

CEOs and top management teams of large corporations, particularly in North America, Europe, and Japan, acknowledge that globalization is the most critical challenge they face today. They are also aware that it has become tougher during the past decade to identify internationalization strategies as well as with whom to do business (Krishna, 2005).

Entering into a foreign market is like discovering new territory for business owners. Foreign countries have different laws, economies, business strategies and currency. Cultural differences can also impede a country's success. Though every business should anticipate a huge learning curve, entering a foreign market can be easier with the adoption of a few strategies (Krishna, 2005). Entering into a foreign market could require changing your product to suit the new market's tastes and preferences. Though you may know how to issue surveys and offer samples in your base country, the foreign market might have a different protocol. Multinational companies need to know which stores are best suited for their products, what features the audience values and at what price to set their products. SakOnkvisit and John J. Shaw mention in their book, "International Marketing Analysis and Strategy" how McDonalds had to alter its menu offerings to accommodate different cultures. In India for example, beef is removed from dishes due to the country's religious beliefs.

For this report, we decided to discuss the international strategies of a company that sells more than 400 brands in 200 countries. Coca-Cola's international success has helped it become one of the most recognized brands in the world. Coca-Cola has been expanding internationally throughout the last fifty years and positioned itself better than any other soda in the beverage industry (Sivny, 2007).The following sections in this paper outline the strategies that Coca-Cola has initiated in different countries of the world. USA, China, Peru, Belarus and Morocco were chosen to illustrate and compare the differences and similarities the company uses to compete and do business in those countries.

International Differentiation Strategy

Differentiation strategy is defined as a marketing technique used by a manufacturer to establish a strong identity in a specific market. It also may be referred to as segmentation strategy. Using this strategy, a manufacturer will introduce different varieties of the same basic product under the same name into a particular product category and thus cover the range of products available in that category. There are several ways a firm can differentiate its' products. We focused on two aspects of this; branding and cost leadership. The American Marketing Association defines a brand as a "name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers. The objectives of successful branding include; delivering the message clearly, confirming your company's credibility, connecting to your target prospects emotionally, motivating the buyer, and establishing user loyalty. For example, a soda company that offers a regular soda, a diet soda, a decaffeinated soda, and a diet-decaffeinated soda all under the same brand name is using a differentiation strategy. Each type of soda is directed at a different segment of the soda market, and the full line of products available will help to establish the company's name in the soda category (Lake, 2010).

Another aspect of the differentiation strategy is cost leadership. With this strategy, the objective is to become the lowest-cost producer in the industry. Many market segments in the industry emphasize minimizing costs. If the achieved selling price can at least equal the average for the market, then the lowest-cost producer will enjoy the best profits. Coca-Cola has used both branding and cost leadership strategies to expand its products in the United States and abroad. Coca-Cola has differentiated itself in the United States by successfully positioning itself as an American icon. To many Americans, it is seen as "patriotic, traditional, friendly, and American" (Slater, 2000, p. 202). Coupled with its advertising slogan, "Always Coca-Cola," the patriotic images reinforced with the feeling that it has been around forever, has helped Coca-Cola maintain its brand loyalty since 1886. In fact, Coca-Cola has done such a good job at differentiating itself from other brands it has reached a status seldom known to most brands -- people actually collect Coca-Cola brand items. Anything Coca-Cola related "from its merchandising products such as bottles and coolers to traditional and familiar advertising items such as signs and print advertisements; from point-of-purchase items such as trays and calendars to complimentary novelties such as toys and bookmarks" is collected by brand loyal consumers (Slater, 2000, p. 203).

Despite its successful marketing over the past six decades, Coca-Cola is not the dominate cola brand in America. Americans still predominately prefer Pepsi over Coke. Coca-Cola is aware of this and realizes that it can only grow its brand domestically through defensive strategies in which it retains its existing consumers and maintains their purchasing frequency (Slater, 2000, p.202). This may lead Coca-Cola to considering a different brand image. Many retailers and industry specialist consider Coca-Cola's branding "outdated." In a recent BusinessWeek article, "Coca-Cola; A Powerful Brand," Coca-Cola was criticized for maintaining its "Norman Rockwell era ads." Though Coca-Cola has gained much appreciation for being the classic American beverage, many believe that Coca-Cola has alienated a younger audience (Foust and Bynes, 2004). This has many people wondering if Coca-cola will be able to keep pace with Pepsi who has used younger spokes people, like Britney Spears, who appeal to the younger generation.

Coca-cola has also experienced some difficulty with branding its different products. In the 1980s, Coca-Cola tried to introduce a new recipe for its original products. The flavor greatly changed the taste that people had grown to love. Coca-Cola did try to make the best of the situation, though. They were able to attract new customers with the new taste, but alienated their original customers who found the flavor foul. Coca-Cola's solution was to create two separate products. The original flavor was deemed classic Coca-Cola while the new flavor went by New Coke. This plan worked for several years, but New Coke was eventually phased out (Walsh, 2003).

With Coca-Cola's success in the United States, the company decided to expand operations worldwide. Coca-Cola is the most recognizable trademark on the planet, which is known to 94% of the world population (Вакансии, 2010). The Coca-Cola Company heavily invests not only in the brand recognition, but also in quality of its products, sustainability and charity sponsorship. Coca-Cola implied branding and cost leadership strategies in many of the countries it entered. Branding in China is a challenge for western firms. Linguistics in Chinese can affect brand sound and brand meaning, and also affect consumer perception and brand identity. When Coca-Cola first entered the Chinese market in 1928, they had no official representation of their name in Mandarin Chinese (Alon, I.et al., n.a). They needed to find four characters whose pronunciations approximated the sound of the brand without producing a nonsensical or adverse meaning when strung together as a written phrase. Since Coca-Cola entered the mainland China market, it used a revised name, which appealed more to the ideographic sense than the original English sound.

The same problem also occurred when Coca-Cola first entered the Hong Kong and Shanghai markets. The Cantonese based brand name chosen emulated the original English sound translated to "pleasant to mouth and wax" in Mandarin. (Alon, I.et al., n.a). Ideally, this was not the message Coca-Cola wanted to convey. The company changed the name and symbols similar to how they changed them in China. In Belarus, the branding strategy focuses on the quality of the product. The Coca-Cola Company in Belarus focused on guaranteeing the highest quality of its products. Coca-Cola has its own accredited laboratory where ingredients and raw materials are rigorously tested. Product compliance with the world quality standards is also ensured due to additional (History, n.d.).

Coca Cola's one method of differentiation in Peru is their quality that goes together with strong branding. This branding differentiation can be attributed to their long history and prevalence in Peru. Coca Cola's strong brand and name originate from 1936, when they were first introduced in Peru.

Their quality and brand recognition in Peru is recognized not just because of their products and long history but also because of their employment excellence. Recognition is a strategic way to better a brand's reputation, which assists Coca Cola to differentiate their company name and help them become a leader in a foreign market like Peru. In 2008, Coca-Cola was certified as Good Employers Association Founder due to their quality and qualifications to determined set of standards (The Coca-Cola Company, 2008). The soft drink industry is one of the most dynamic in Morocco, where the industry has grown consistently in the past 50 years, and continues to break new barriers (Soft Drinks, 2010).

Because of this, Coca-Cola has used both a branding and cost leadership strategy in Morocco. The designation Coca-Cola gave to the Moroccan market segment included metropolitan areas and large towns, represented 52 percent of the country population. This segment sought social bonding as marketing technique and used inspirational messages to celebrate social meetings. "Dayman Coca-Cola" which translates to "always Coca-Cola" in Arabic was a successful and relevant tagline for Coca-Cola. Coca-Cola in Morocco is believed to be the first brand to offer advertising targeted at the smaller, rural towns which constitutes 48 percent of the Moroccan market (EuroMonitor, 2010). Coca-Cola went after that objective and was successful in its branding strategy. Additionally, with an average coke costing 2.5 Dirham (3 cents), the company was affordable for everybody.

As seen in examples from the United States, China, Belarus, Peru, and Morocco, Coca-Cola was very effective with implementing new products. By using differentiation strategies such as branding and cost leadership, Coca-Cola was able to make its brands stand out from its competitors by focusing on image, quality, and being affordable. Because of these strategies, Coca-Cola was able to create a niche that allowed it compete with local and global brands. This is how Coca-Cola has distinguished itself and has allowed itself to grow its profits exponentially.

International Marketing Strategy

This section concentrates on marketing strategies in international business and ways Coca-Cola has established these strategies around the world. First, one must understand that globalization has become a trend in response to nontariff trades and the growth of elimination of barriers, which has helped the marketing of international brands. Second, due to globalization, competition has increased internationally and to remain competitive firms are expanding geographically by joining ventures with other companies or through acquisitions in foreign markets. Therefore an emphasis on marketing must be present (Douglas, Craig, &Nijssen, 2001).

International marketing strategy can be defined in many ways. International marketing strategy is the manner in which an organization performs based on a predetermined set of activities in order to plan, promote, price and distribute a good or service for a profit to consumers in various locations (Cateora & Graham, 2007, p.9). Van Mesdag also describes international marketing as a company having a marketing strategy in different markets depending on the market characteristics (Van Mesdag, 2000, p.75).

International marketing strategy is an important part strategic planning and consequently should be an area of study according to *The Journal of International Marketing*. This strategy is a significant factor in the performance of a global company because an effective marketing strategy for international companies can represent a competitive advantage and therefore global executives need to recognize the importance level regardless if a global or customized marketing strategy is practiced. Furthermore, the marketing mix affecting markets abroad the most should be studied to comprehend how foreign markets function with different marketing strategies (Albaum & Tse, 2001).

Global vs. International Marketing Strategy

When discussing international marketing it is important to point out the difference that may exist between international and global marketing. Global marketing can be characterized by an overall outlook of the market as a whole where there is a standardized manner to sell a product or service in all places (Bennett & Blythe, 2002, p.6). According to Chung, standardization as a form of marketing strategy refers to the similarity of a set of practices implemented in the home and other foreign markets. Standardization strategy's main elements are political-legal, economic, competitive, cultural, and consumer, environments. Also, the same research states that this strategy is most likely to be implemented if there are similarities in the elements of the home and foreign country (Chung, 2003). Another concept Chung provides explains that a firm with a strong level of standardization enjoys a high level of control within the organization. This control is the level of decision making executed by the home office. At the same time, when standardization applies, global image and product offering are two strong factors a firm seems to rely on.

Conversely, international marketing relates more to different target markets and their differences rather than looking at it as one single market and foresees the possibility to implement a localization strategy rather than standardization, as the global marketing would pursue. The findings of Van Heerden & Barter suggest that "marketers cannot assume homogeneity of cultures across the globe and it is surmised that there are not similarities and congruencies among the cultures within and between countries" (2008). Therefore, the importance of establishing localization and adaptation is relevant to the marketing strategy of any international company. In China for example, Coca-Cola has taken up the "think local, act local" approach and it seems to be pretty effective since Coca-Cola has gained eight percent increase in Asia-Pacific in 2000.In addition, Coca-Cola has given local managers control over advertising operations, which is pretty impressive. Coca-Cola has included everything from Chinese zodiac animals to Spring Festival couplets in its television commercials (Weisert, D., 2001).

Another example is Peru, Coca-Cola's ability to succeed is due to their marketing strategy to not try to present itself as "an American company that happens to be in Peru, but as a company of Peruvians that has its headquarters in the United States." This strategy allows Coca-Cola to attain the trust of the Peruvian Population as a global company (Salas). Another marketing strategy for Coca-Cola in Peru is their decision to increase the penetration of their marketing efforts to everywhere they can, from corner stores to major sporting events. Coca-Cola also knew that the way to compete was to attach the soft drink to all types of meals and even participate in co-branding by promoting itself with other brands (Salas). One more marketing strategy Coca-Cola employs in Peru involves their social responsibility. Not only does Coca-Cola create employment but it also raises funds for relief programs for the less fortunate and for those individuals with financial challenges (Historia, n.d.).

A social responsibility strategy as part of marketing is also utilized in Belarus. Coca-Cola was a pioneer foreign investor in Belarus, first licensing a local manufacturer in 1994 and then setting up its own production facilities in 1997. Its original US $42 million investment was the first green-field development in Belarus by a foreign investor (Food and Drink, n.d.). Also, as a part of its marketing strategy, the Coca-Cola Company focuses its attention on soft drink market development throughout the Republic. The Company provides its partners and trade enterprises with free promotional materials, booths, refrigerators, other trade equipment, products supply services, as well as overall marketing and advertising support (Food and Drink, n.d.).

It is essential to mention that cost advantage can be obtained if a standardized marketing strategy is created together with a cross-cultural strategy that can be adopted by the majority of cultures (Van Heerden & Barter, 2008).

Another finding from the same study explains that regardless of the value of localization in the marketing strategy, localization should be focused on when it is imperative to consumers and for that reason organizations should focus on standardization as much as possible. Further research demonstrates that in order to conclude if a localized or standardized strategy should be followed, political, economic and cultural aspects must be analyzed (Van Heerden & Barter, 2008). In the United States, the company quickly realized that the key to Coca-Cola's success was to market it with food (Taylor, 2005, p.81). Today, Coca-Cola can be found in restaurants everywhere. It is consumed like any other beverage and because of this Coca-Cola has initiated many other products into the American markets. Coca-Cola often determines where there are gaps in its market and tries to satisfy the consumers in those gaps by marketing new products to them. For example, because Diet Coke is popular among middle-aged women, Coke Zero is being targeted to teens and young adults who do not already drink diet soft drinks (MarketWatch, 2005, p. 44). Coca-Cola also uses innovative ideas to help market its products that have been around for a long time. One way it does this is by focusing heavily on consumer demands and conveniences for Americans. An example of this is the Coca-Cola Fridge Pack. It is a space saving, self-dispensing 12 pack of Coke cans that fits more easily in a standard, American fridge (MarketWatch, 2003, p. 31).

Culture in International Marketing Strategy

Moreover, In order to understand the role of international strategy in a company's success, it is also important to understand the role culture has in the strategy development. The study entitled "The Role of Culture in the Determination of a Standardized or Localized Marketing Strategy" shows how important it is for culture to be considered in any international marketing strategy (Van Heerden& Barter, 2008).

In Morocco, one of Coke's proven marketing strategies is to build on a powerful association it has developed through a long-term investment in the Moroccan soccer. In fact, soccer is the most popular sport in Morocco and its national team, the Atlas Lions, is one of Africa's most respected teams (World Info Zone, 2010). Coca-Cola is the number one soft drink in Morocco and soccer is the number one sport there. The company's policy for the last forty years has been to support Moroccan Soccer wherever they can. In addition, Coca-Cola in Morocco realizes benefits from sponsoring soccer teams and its sponsorship of the 1994 and 1998 Moroccan soccer team at the World Cup. Coca-Cola also uses locally produced television commercials with Moroccan actors and sometimes dubs its international ads into Arabic. For instance, Coca Cola released its international trademark campaign of its popular slogan "The Coke Side of Life," which focused on themes such as fun, happiness, colors and life (AliRaqi, 2001). A collaboration with Imane Mrikh, a Famous Moroccan singer, lead to the making of the song "El Donya Helwa" (The World is Beautiful) for which a commercial was filmed with an American director on international standards and hi-tech effects (AliRaqi, 2001).

Coca-Cola Strategy

Coca-Cola's strategy is noted to be "glocal." This strategy is a combination of both strategies previously described. By attaining both qualities of each strategy, Coca-Cola enjoys of an identifiable brand image as well as instilling local practices that allows them to create and embrace cultural differences. Coca-Cola prides itself not just for its distinguishable brand but for its attentiveness to local markets' needs. In Coca-Cola's website one can appreciate the difference in marketing strategies in different markets, for example, in Korea, a trendy young image that may be displayed with the picture of young adults with modern attire in contrast to the website in Malawi where the image that may be displayed may include a mature woman dressed traditionally (Being Delicious and Being Happy, n.d). The article "Regional Strategies look set to lose out in Push to go Global "shows an example of Coca-Cola's global strategy with its product PowerAde, by using their World Cup campaign of "official hydration partner." Mary Merrill, global category director of sports beverages at The Coca-Cola Company expresses his favoritism for the global strategy due to its branding effectiveness (2010).

International Distribution Strategy

"Distribution is the course, physical path or legal title that goods take between production and consumption. In international marketing, a company must decide on the method of distribution among countries as well as the method within the country where final sale occurs" (Daniels, 2009).

Choosing Distributors and Channels

Choosing distributors and channels is the first step of distribution in foreign countries. When a company enters a new country, it is usually economical for a company to rely on external distributors (Daniels, 2009). For example, Coca-Cola in Belarus has always been and remains a local Belarusian enterprise, where Belarusian people are employed. Because Belarus is currently not a large market, it may be a better idea to rely on the local distributers for transportation. Eventually, if the market grows, Coca-Cola may want to consider handling distribution in house to gain more control (Daniels, 2009). Two of the largest Coca-Cola markets around the world are the U.S. and China. In the U.S. the company has established a mature business model which includes distribution. Coca-Cola outsourced its production and distribution to its bottling and distribution companies. This process requires the marketers to distribute syrup from the Coca-Cola plants to the bottling plants. From there, it distributes bottled and canned beverages from the bottling plants to the distribution centers and from the distribution centers to the final retail outlets (Kant et al., 2008, p.40).

It is project that China will surpass the U.S and eventually become the largest Coca-Cola market. The company currently has an efficient distribution system in China, which is under the company's control. Coca-Cola's own direct-to-retail distribution operation is growing slowly and only accounts for a minority of the company's unit sales in China. To handle distribution and sales to retailers, the company operates at least one sales center in most Chinese cities with a population above 1 million. Most of these sales centers, which also serve as warehouses, are wholly owned and operated by Swire, Kerry, or the relevant bottling company. Fleets of delivery trucks-up to 20 in larger cities are kept at the center. Personnel work onsite to coordinate deliveries, and sales staff market the company's products locally, visiting retailers on a regular basis to take orders (Weisert, D., 2001).

When a company is choosing a foreign distributor, it typically seeks potential distributors. There are some common criteria for selecting a distributor, and the company's financial strength and good connections are always important. The distributor's financial strength is important because of the potential long-term relationship between producer and distributor and because of the assurance that money will be available for such things as maintaining sufficient inventory (Daniels, 2009).China is developing very fast, but it is still a developing country. A lot of private enterprises are small companies, and their financial power is not relatively strong. Most of Coca-Cola's products in China are sold through wholesale distributors. Most of the company's partners are large state-owned sugar, tobacco, and wine enterprises that have been distributing products since the 1950s, or are former state-owned distribution firms which are now privatized and have valuable experience and equipment (Weisert, D., 2001).

It is important to select a distributor with good connections are particularly important because the distributors with good connections get a lot of information and relationship of the market and customers in the foreign country. And that make the new products' distribution much easier, especially in some middle East Europe countries where mutual loyalty is often more important than product and price for making sales. For example, as stated above, Coca-Cola in Belarus has always been and remains a local Belarusian enterprise, where Belarusian people are employed. Apparently, local enterprise has more connection of the local market and customers. In Belarus, primarily the local market guides manufacturing and sale of the Coca-Cola's products. More than 70% of the Company's partners-suppliers are the Belarusian enterprises to which about 66% of the total volume of supplies and services used in the manufacturing process belong. Further development of the Belarusian beverage market targeted at local suppliers of raw stuff, material and services, as well as at meeting the demand of the population for high-quality products of the Company is a strategic line of activities of Coca-Cola Beverages Belarus.

The Challenge of Distribution

After a firm selects a distributor, they must assess the challenges that could arise. In some countries, both wholesalers and retailers have limited storage facilities, display space, money to pay for inventories, transportation and personnel to move and sell merchandise. The company may need to identify the distributor's problems in order to gain their loyalty by offering assistance (Daniels, 2009).

In Peru, the initial management of the distributors was not efficient. In response, Coca-Cola used three strategies to offer assistance and improve the distribution operations. First, outsourcing the distribution system from the bottler to the wholesalers worked efficiently because Coca-Cola's bottler defined precise sales routes, taught the wholesaler correct sales management practices, and assisted them with their information technology infrastructure. Second, the bottler required the wholesalers to use their IT system in order for them to obtain real-time data and sales information. The bottler was able to substitute unproductive distributors based on the data that gave them the percentage of each distributors' visits which yielded a sale. Third, they opted to use handheld devices to display data of the number of items in their warehouse. This real-time data helped them identify if sales targets were met and what kind of promotions and types of products were successful in different locations (Niezen, C., & Rodriguez, J, 08).

Hidden Costs and Gains In Distribution

If a company wants to be profitable it must pay attention to details. There are hidden costs and gains in distribution which are very important to the whole process. In many countries, the roads and warehousing facilities are so poor that getting goods to consumers quickly, at a low cost, and with minimum damage or loss en route is problematic (Daniels, 2009).Coca-Cola in the U.S. has solved the transportation problems through the use of software. In 2004 and 2005, Coca-Cola Enterprises (CCE), the world's largest bottler and distributor of Coca-Cola products, implemented ORTEC's vehicle-routing software. This software is imperative to CCE, as the growth and competitive nature of the beverage industry requires companies to optimize product delivery. As part of this implementation, over 300 CCE dispatchers use the software daily to plan the routes of about 10,000 trucks. The ORTEC software has helped CCE with its daily vehicle-routing problems. ORTEC's objective is to help CCE assign all the delivery orders in the correct trip sequence, so that they are carried out by available vehicles at the lowest possible cost. CCE has been very successful with the new implementation. They have met the objectives of the project and recognize an average annual cost savings of $45 million per year as well as improved their customer service (Kant et al., 2008, p.41).

In some countries, particularly developing countries, low labor costs and owners' basic distrust of non-family members result in many retailers engaging in practices that result in lower labor productivity to serve customers. This distrust is evident in retailers' preference for counter service rather than self-service. In these countries, a customer receives an invoice to take to a cashier's line to pay. Once the invoice is stamped as paid, the customer must go to another line to pick up the merchandise after presenting the stamped invoice. In some countries, counter service is common for purchases as small as a pencil. The additional personnel adds to the retailing costs and the added time people must be in the store means fewer people can be served in the given space. However, because the retailers tend to be small and highly dispersed, this reduces the time, cost, and effort necessary for customers to shop (Daniels, 2009). In Morocco, consumers tend to not buy large quantities of products from supermarkets or wholesalers at one time. However, the opening of more retail outlets, as well as more cafes, has contributed to the increase in consumption of the Coca-Cola beverages. Soft drinks tend to be an impulse-buy in Morocco, with most consumers buying from small outlets close to their homes rather than in bulk at supermarkets. This scattered consumption yields high total profits for Coca-Cola in Morocco (Riadzany, 2010).

International Collaborative Strategy

When pursuing international business, companies must choose an international operating mode to fulfill their objectives and carry out their strategies. A firm may choose to operate globally either through equity arrangements or through non-equity arrangements (Daniels, 2009). Coca-Cola has successfully adopted both of the arrangements.

Foreign direct investment (FDI) gives the investor a controlling interest in a foreign company. When two or more companies share ownership of an FDI, the operation is called a joint venture (Daniels, 2009). Although cultural, political, competitive, and economic differences among courtiers create barriers for companies abroad, companies can seek collaboration with local companies who will help them. Given China's enormous population and relatively high growth rate of real GDP, the country has long been viewed as an important market with great potential for many of the world's giant multinational corporations (MNC). Coca-Cola has a long history in China and most of Coca-Cola's bottling facilities are joint ventures with one of three government agencies: SLIB, China International Trust and Investment Corp., and China National Cereals, Oils, and Foodstuffs Import and Export Corp (COFCO). COFCO has been the company's most frequent partner, holding ownership in 12 of the 24 bottling facilities. In April 2000, Coca-Cola and COFCO signed a milestone joint-venture agreement giving COFCO 65 percent ownership in at least two bottling facilities--the first Chinese majority-owned Coca-Cola bottling joint venture (Weisert, 2001).

For a company wishing to pursue a geographic diversification strategy, collaborative arrangements offer a faster initial means of entering multiple markets. Swire and Kerry serve as the foreign majority partners in 19 of Coca-Cola's 24 bottling facilities in China. Coca-Cola holds a 12.5 percent share in both companies and has agreements with them in the areas of plant management, sales, and distribution. Swire is involved in nine of Coca-Cola's bottling facilities based in southern and eastern China. Kerry is a partner in 10 facilities, located mainly in northern and western China. Coca-Cola is a direct majority partner in four bottling joint ventures: one in Hainan Province, one in Shanghai, and two in Tianjin (Weisert, 2001).

Coca-Cola also continues also has joint ventures in Peru. Coca-Cola is the number one competitor of Inca Cola, which was introduced in 1935; one year before Coca-Cola. Their constant battles for market share ended in 1999 when they Coca-Cola acquired 50 percent of Inca Cola-.Coca cola also bought 40% of Jose R. Lindley Corporation and ceded all bottling rights for Coca-Cola products in Peru to Lindley Corporation. This corporation is the only bottler for Coca-Cola as well as Inca Cola in Peru. After joining forces with their main competitor Coca-Cola used its marketing's abilities to introduce Inca Cola to other countries. Ecuador and the United States are two markets where the Coca-Cola Company bottles Inca Cola (Salas).

Acquisition is one of the ways to dissolve a joint venture. In the United Sates, Coca-Cola has been known to acquire companies in order to become more competitive in various beverage markets. For example, Coca-Cola acquired Planet Java, a coffee drink in an effort to go up against Frappuccino-- a venture between Pepsi and Starbucks (DairyFoods, 2001, p. 12). Coca-Cola also acquired Nestle Tea, which produces tea and bottled water, in order to expand its drink line and compete with Pepsi. Similar examples have also occurred in Morocco during the last decade. Coca-Cola acquired Top's (5 flavors), Simorange, and Lacigogne, which are considered three of Morocco's most popular brands.

Licensing agreements exist when a company (the licensor) grants intangible property rights to another company (the licensee) to use in a specified geographic area for a specified period (Daniels, 2009). Coca-Cola was a pioneer foreign investor in Belarus, licensing a local manufacturer in 1994. It started up its own production facilities in 1997. Based in Kolyadichy, Minsk district, Coca-Cola Company operates one bottling plant and seven depots with regional warehouses and sales offices. Currently The Coca-Cola Company employs approximately 600 people in Belarus (History of success).

International Labor Relations and Management Strategy

Labor relation strategies and management strategies are two very important strategies firms must consider when operating in foreign countries. "Differences prevail across countries in how labor and management view each other" (Daniels, 2011, p.775). It is important for companies to evaluate the differences in each country's culture, laws, norms, religious beliefs and values to determine how to implement labor and management strategies that are not only effective, but also socially acceptable.

Before starting operations in any country, a firm should determine how they plan to staff their facilities. There are three frameworks in which a company can staff their international operations. These include the ethnocentric, polycentric and geocentric frameworks. The ethnocentric approach is when people from the home company are charged with managing the operations in the foreign country. The polycentric approach is when the local people of the foreign country manage operations. Geocentric staffing is when the company chooses the best people to manage operations. Therefore, in a geocentric framework, there could be a mixture of home, host-country and even third-party managers.

One of the reasons why Coca-Cola is so successful is because it has implemented the geocentric staffing approach. This is sometimes a difficult strategy to initiate because of the various cultural differences managers will encounter, not just among their direct reports, but among fellow managers. However, Coca-Cola has explained that they "deal with cultural differences through organization design by creating a variety of flexible structures and partnerships that can complement different markets and through staffing by valuing international assignments and giving our best people exposure to different cultures and ways of conducting business" (Veale, 1995, p.77).

In addition to the staffing approach, firms must evaluate the labor force they will encounter. They should identify country-specific goals, structures and ideals that differ from the host country, different collective-bargaining methods, approaches the country utilizes to deal with workplace strife, regulatory organizations and much more. It is important for companies to determine if the host country's labor force will be compatible with the firm's mission and goals. Coca-Cola champions continued growth of the business and requires the involvement of professional staff. Potential employees of the Coca-Cola Company must be motivated, independent, open and results-oriented, because the company's core values are dedication, teamwork, quality, people and integrity" (компании, 2010).

A company must safeguard itself from any undesirable labor relations issues by developing strategies for dealing with these situations. For example, "when unions have tried to organize, Coke has attempted to break the drive by increasing the pay scales slightly" (Tobis, 2001, p.72). This has worked in Coca-Cola's favor in many countries, "however, a few U.S. bottlers have teamster contracts" (Tobis, 2001, p.72). In addition, Coca-Cola's franchises are generally small firms that do not issue stock so their financial operations are confidential. This helps protect the parent company from being legally responsible for any unpopular actions from a franchised firm (Tobis, 2001, p. 72).

It is important to note that Coca-Cola has not always been successful in their labor relations strategies in every country. Coca-Cola was involved in a lawsuit claiming that they used prison labor and were involved in other human rights controversies in China. Mr. NebilleIsdell, Chairman of the Board, denied these claims explaining, "We take labor practices seriously. Our internal investigations found no use of prison labor." The board of Directors alleged that the Public Issues and Diversity Review Committee have regularly reviewed the company policies, procedures and positions relating to human rights issues which include workplace accountability generally, and specifically relating to employees of the company and its suppliers in China (Wilkins, 2009).Coca-Cola was also involved in the largest racial discrimination lawsuit in history. It was filed on behalf of 2000 former and current U.S. employees and resulted in a $192.5 million settlement. The U.S. Labor Secretary was tasked with overseeing the company's diversity efforts after the scandal. Coca-Cola responded quickly to the situation and implemented diversity in its company strategy (Bielaszka-DuVernay, 2008, p.3). In more recent years, "U.S. managers focus more on diversity issues than in Europe" (Veale, 1995, p.74).

Implementing sound management strategies is important when a company expands globally because managers are directly responsible for making decisions that affect the employees of the host company and impact the company as a whole. Coca-Cola has been successful at implementing management strategies. Due to the decentralization of Coca-Cola's foreign operations, managers are allowed to make decisions that they believe are most suitable for the country in which they operate. These strategies can differ greatly from country to country. For example, because of the way business is done in America, U.S. managers focus on contracts more than relationships with their customers and vendors than most other countries (Veale, 1995, p.74). Europe's management is less "fad-driven" than in the U.S. (Veale, 1995, p.75). In the U.S., individualism is prevalent in society and the expectations of American workers are that they must take care of themselves or else management of companies will take advantage of them. It is the opposite in Asia (Veale, 1995, p.77). Managers must be aware of these differences from country to country and adopt management styles that reflect these differences. It is important for managers not to force ideals that are used in their own countries when managing departments abroad. Coca-Cola believes that "diversity of experience lessens the tendency to believe that there is only one way to do things" (Veale, 1995, p.77).

International Diversification Strategy
Coca-Cola Company

"With a portfolio of more than 3,300 beverages, from diet and regular sparkling beverages to still beverages such as 100 percent fruit juices and fruit drinks, waters, sports and energy drinks, teas and coffees, and milk-and soy-based beverages, our variety spans the globe." (List, 2010)

Product diversification strategy entails any modification of a current product that serves to expand its potential. Product diversification is different from product development such that it involves creating a new customer base, which expands the market potential of the original product. This is almost always done through brand extensions or the implementation of new brands, but in some cases the product modification may create a new market by creating new uses for the product.

Product diversification strategies have a few dangers that come with its implementation. The two main dangers facing a company following a product diversification strategy for a brand are misunderstanding the new customer base and loss of meaning of the original brand. The risk of misunderstanding the new customer base is present with market development, while the risk of loss of meaning and/or cannibalization is just as significant as with the product development. (Product, 2010). The Coca-Cola Company produces, sells and distributes to customers a range of non-alcoholic beverages around the world. The company provides consumers with a broad variety of drinks that can be divided into three categories: sparkling beverages, still beverages and waters.

Sparkling beverages, such as the brands Coca-Cola, diet Coca-Cola, Sprite and Fanta are part of the traditional range of refreshment products offered by Coca-Cola. Products in this category are an important segment, offering consumers an enjoyable and satisfying solution to maintain good hydration. One of the new products in the U.S. and global markets is Coca-Cola Zero. Coca-Cola Zero has been one of the most successful product launches in the company's history. In 2009, Coca-Cola claimed it sold more than 600 million cases globally.

Fruktime is a soft drink with fruit flavor which became the fourth beverage for the company in Russia after the launch of Coca-Cola, Fanta and Sprite. This drink is available in four flavors: lemonade, cream soda, "Dushes" and "Buratino". Market research shows that these are the preferred flavors of most Russian consumers. Still beverages are drinks that have not been subjected to carbonation such as fruit juices and nectars. Fruit juice from concentrate is obtained by evaporating most of the water contained in the initial juice and then replacing it during the bottling process. Fruit nectar is a juice or a juice pulp to which water and varying amounts of sugar (depending on the fruit involved) are added.

In Peru the Coca-Cola has also introduced new lines such isotonic beverages such as PowerAde and Sporade. These new product lines are not cannibalizing market share from each other but actually growing the entire share. The main reason Coca-Cola introduced Powerade was to compete against products like Gatorade and gain a share of the market from its competitors. Thus far, the Introduction of these lines seems prosperous, however their number one competitor is still Gatorade, which is also number one in the isotonic beverage market (Latin, 2007).

In Belarus, Coca-Cola sells a range of juices including Dobry and Rich. Coca-Cola's Nestea tea brands include Lemon, Peach, Wildberries and Citrus. Consumer demand for additional choice and variety within the tea category led to the Introduction of Nestea Vitao by Coca-Cola Beverages Belarus in 2009. Nestea Vitao is a range of green, red and white teas combined with fruit flavours.

In China, the Minute Maid Pulpy Super Milky drink and the Sprite Tea drink have been regional hits. Both drinks have been developed out by the research and development unit in China (Fawkes, 2010).

Coca-Cola launched its new product, Krushka & Bochka Kvass, in Russia, Belarus, the Ukraine and the New York City area of the United States. Kvass is fermented with rye and barley and is flavored with natural sugar. Though made through a process like beer, Kvass's fermentation is closely monitored to ensure the alcohol level falls within the Food and Drug Administration's guidelines for a non-alcoholic beverage (Kvass, 2010).

Across the Coca-Cola group, an extensive range of water brands are also available to consumers.Water is an especially essential product line for Coca-Cola in the countries that do not have a long time history of carbonated drink sales. Coca-Cola Beverages Belarus offers six kinds of water in their BonAqua line.

Discussion

Marisa Ramírez Alesón and Manuel Espitia Escuer analyzed the impact of product diversification on performance in their paper "The impact of product diversification strategy on the corporate performance of large Spanish firms." This topic has been discussed in other literature, and there is no consensus so far as to the significance or the direction of the impact. In the paper, performance is measured using Tobin's data for a sample of 103 large, non-financial Spanish firms (1992–1995). Diversification is measured by means of a categorical variable, as suggested by Varadarajan. The results indicate that the firms with intermediate levels of product diversification have the highest performance, the firms with low and high levels of diversification show significantly lower performance, which means performance is not significantly different between them.

To compare performance of the Coca-Cola Company, data was obtained from Thomson Reuters, Zacks.com, Interactive Data Corporation, and Gradient Analytics Inc. The Coca-Cola Company is the largest and most diversified company in the industry. According to Marisa Ramírez Alesón's and Manuel Espitia Escuer's research, its performance should be significantly lower than medium diversified companies in the same industry. When comparing Coca-Cola's performance to two other medium size companies in the same industry, we noted the following:

1. Coca-Cola Company (sales about 32.1 Billion);
2. Hansen Natural Corporation (sales about 1.28 billion). This multinational company, through its subsidiaries develops, markets, sells and distributes alternative beverage category natural sodas, fruit juices, juice blends, juice drinks, energy drinks and energy sports drinks, fruit juice smoothies and functional drinks, non-carbonated ready-to-drink iced teas, children's multi-vitamin juice drinks, Junior Juice juices, Junior Juice Water and flavored sparkling beverages under the Hansen's brand name;
3. Dr Pepper Snapple Group, Inc. (sales about 5.58 billions) is an integrated brand owner, manufacturer and distributor of non-alcoholic beverages in the United States, Canada and Mexico with a varied portfolio of flavored (non-cola) carbonated soft drinks (CSD) and non-carbonated beverages (NCB), including ready-to-drink teas, juices, juice drinks and mixers. DPS has three segments: Beverage Concentrates, Packaged Beverages and Latin America Beverages. The Company's brand portfolio includes CSD brands, such as Dr Pepper, Sunkist soda, 7UP, A&W, Canada Dry, Crush, Squirt, Penafiel, Schweppes and Venom Energy, and NCB brands, such as Snapple, Mott's, Hawaiian Punch, Clamato, Rose's and Mr. &Mrs. T mixers. DPS operates primarily in the United States, Mexico and Canada and it also distributes the products in the Caribbean.
4. Data for these three companies include share price gain; sales and income; growth of sales and income; price/earnings ratio; net profit margin; dept/equity ratio; and company share price performance. This data can be found at Table 1.

Table 1 The Coca-Cola Company Comparison

	KO	HANS	DPS
Name	The Coca Cola Co	Hansen Natural Corp	Dr Pepper Snapple Group Inc
Industry	Beverages - Soft Drinks	Beverages - Soft Drinks	Beverages - Soft Drinks
Stock**Scouter** rating	8	8	8
Whose share price is estimated to gain the most?			
Current	64.59	52.83	37.58
FY End	69.80	54.26	42.13
% Change	8.07%	2.71%	12.08%
Next Fiscal Yr	77.00	62.70	49.74
% Change	19.21%	18.68%	32.33%
Who sold and earned the most over past 12 months?			
Total Sales	32.14 Bil	1.28 Bil	5.58 Bil
Total Income	7.58 Bil	216.25 Mil	530.00 Mil
Who grew sales and income the most over the past 12 months?			
Sales Growth	-32.10%	15.60%	1.20%
Income Growth	-30.50%	4.90%	-5.70%
Whose shares are priced cheapest relative to earnings?			
Price/Earnings Ratio	20.00	22.80	17.70
Whose financial health is strongest?			
Net Profit Margin	23.82%	16.95%	9.48%
Debt/Equity Ratio	0.48	NA	0.99
Whose share price has performed best in the last year?			
Company price performance			
3-Mo Price Change	13.1%	14.6%	-0.7%
6-Mo Price Change	23.0%	33.3%	1.6%
12-Mo Price Change	12.0%	48.5%	40.5%

Conclusion

We performed an in-depth review of how effective or ineffective Coca-Cola was in implementing each of the six strategies discussed in their operations in the United States, China, Belarus, Peru, and Morocco. We have found that Coca-Cola's global brand's success is accredited to its "think global, act local" campaign. Most of their marketing strategies focus specifically on local culture and customs. Localization is a key element in the effectiveness of Coca-Cola's international strategy plan. We have also noted Coca-Cola's performance could be better when compared to other mid-sized companies.

The primary advantage Coca-Cola has over the two other companies in our comparison (Hansen Natural Corporation and Dr Pepper Snapple Group) is a very high net profit margin. It is almost 24% compare with 17% and 10% for its competitors. This combined with relatively low debt level (Coca-Cola's debt/equity ratio is .48) makes the company financially stable.

Coca-Cola Company prior year results were not as fortunate. In the recent year, Coca-Cola witnessed a large drop in sales and profit growth. Year over year sales growth felt over 32% which lead to a drop in income growth by over 30%. At the same time Hansen Natural Corporation has very pleasant year over year results with sales growth up over 15% and income growth almost 5%. Dr Pepper Snapple Group is in the middle; it has growing sales growth, but falling income growth.

It is likely that Coca-Cola Company has entered a period of slow growth and large profit margin that is typical for "cash cow" companies. The company is very diversified and thus may not find many new markets to support its previous growth. The best way for the company to grow now is to obtain larger shares from its current markets.

Limitations / Future Research

Choosing a specific company represents one of our major limitations because we were unable to compare the efficiency of international strategies among other similar companies. The collection of data posed as a limitation because of our difficulty finding academic journals that offered examples for Coca-Cola for each of the countries we reviewed. The difficulty finding academic journals created a scope limitation in our research. We initially selected eight strategies to focus on, but we were forced to reduce the number to six because we could not find enough information on each of the individual countries. In addition, we limited ourselves to just five countries. These include two large markets: China and the United States and three small countries: Peru, Belarus and Morocco.

Future research should include review of additional strategies for global expansion. Future research should also include more countries. Quantitative analysis should also be utilized, focusing on the performance level of the different international strategies. Quantitative analysis should focus on an entire industry or sector rather than just on one company.

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