IST 755

Group Work Assignment

MULTI-COUNTRY ANALYSIS OF STRATEGIC INFORMATION MANAGEMENT IN ONE INDUSTRY

UNDERSTANDING THE BEVERAGE INDUSTRY
USING COCA – COLA COMPANY, FOR OUR RESEARCH

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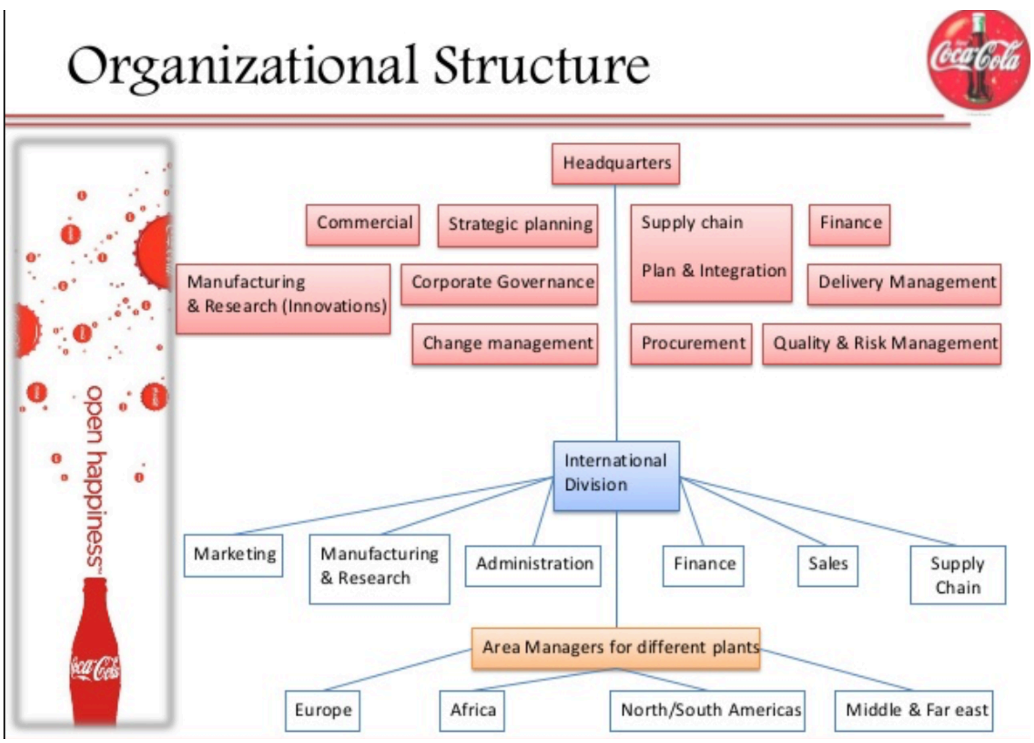
TABLE OF CONTENT

PART 1: INDUSTRY ANALYSIS

The Coca-Cola Company, founded in Georgia in 1892 and incorporated in 1919, is the world's largest beverage company. It owns/licenses and markets more than 500 nonalcoholic beverage brands, primarily sparkling beverages but also a variety of still beverages such as waters, enhanced waters, juices and juice drinks, ready-to-drink teas and coffees, and energy and sports drinks. In addition, the business owns and markets four of the world's top five nonalcoholic sparkling beverage brands: Coca-Cola, Diet Coke, Fanta and Sprite. Finished beverage products bearing the company's trademarks, sold in the United States since 1886, are now sold in more than 200 countries.

Coca-Cola makes its branded beverage products available to consumers throughout the world via a network of company-owned or -controlled bottling and distribution operations as well as independent bottling partners, distributors, wholesalers and retailers — the world's largest beverage distribution system. Beverages bearing trademarks owned by or licensed to KO account for 1.9 billion of the approximately 57 billion servings of all beverages consumed worldwide every day (DeFranco, 2015).



A. INDUSTRY DEMOGRAPHICS

Sales:
The current portfolio includes 3,300 products in over 200 countries word wide. The unit cases sold word wide stood at 24.4 billion. This generated over 5 billion dollars in income.

Location - Number of Divisions:
Coca Cola Company is distributed in operating groups which are Eurasia and Africa, Europe, Latin America, North America, Enterprises and Pacific. Over 200 countries are covered under these groups.

Foreign Operations:
The headquarters are in Atlanta, Georgia which oversees operations of all other subsidiary companies in Asia, Africa, and Europe. Each country has its own franchised company that makes the final products.

Information Flow of the Company:
Information Flow is crucial to a company since it provides data, information and knowledge access to everybody from senior management to the least employee. It is this information that acts as "lifeblood" in the success of a company. Coca Cola Company has invested much in Information Technologies in order to realize its goals.

Number of Employees
The number of employees in Coca Cola Company stands at around 92,800. Much emphasis is placed on people who are thought of as not only employees, but a team that should be able to discover their talent, knowledge, skills and experience in the company. The diversity helps in the growth of the company through sharing of information (Essays, 2013).

Competition

Three leading companies have prominent presence in the soft drink industry. The leaders include the Coca-Cola Company, PepsiCo, and Cadbury Schweppes. According to the CocaCola annual report, it has the most soft drink sales with $22 billion. The Coca-Cola product line has several popular soft drinks including Coca-Cola, Diet Coke, Fanta, Barq's, and Sprite, selling over 400 drink brands in about 200 nations (Murray, 2006). PepsiCo is the next top competitor with soft drink sales grossing $18 billion for the two beverage subsidiaries, PepsiCo Beverages North America and PepsiCo International (PepsiCo Inc., 2004). PepsiCo's soft drink product line includes Pepsi, Mountain Dew, and Slice which make up more than one quarter of its sales. Cadbury Schweppes had soft drink sales of $6 billion with a product line consisting of soft drinks such as A&W Root Beer, Canada Dry, and Dr. Pepper.

Financial Analysis

The carbonated beverage industry is a highly competitive global industry as illustrated in the financial statements. According to John Sicher of Beverage Digest (2005), Coca-Cola was the number one brand with around 4.5 billion cases sold in 2004. Pepsi followed with 3.2 billion cases, and Cadbury had 1.5 billion cases sold. However, the market share shows a different picture. Coca-Cola and PepsiCo control the market share with Coca-Cola holding 43.1% and Pepsi with 31.7% (see Graph 1); however, these market shares for both Coca-Cola and PepsiCo have slightly decreased from 2003 to 2004. Coca-Cola's volume has also decreased 1.0% since 2003, whereas PepsiCo's volume has increased 0.4% (see Graph 1). Diet Coke posted a 5% growth, but Coca-Cola's other top 10 brands declined (Sicher, 2005). Overall, Coca-Cola's market position has declined in 2004. The strategic group map (see Graph 1) also shows the growth of Cott Corp. of 18% which is significantly higher than that of Coca-Cola and PepsiCo. The American Beverage Association (2006) states that in 2004, the retail sales for the entire soft-drink industry were $65.9 billion. Barbara Murray (2006) analyzed the industry averages for 2004 and average net profit margin was 11.29%. The current ratio average was 1.11 and the quick ratio average was 0.8. These figures help analyze the financial statements of the major corporations in the industry. According to Coca-Cola's annual report (2004), 80% of their sales are from soft drinks; therefore the total sales amount was used for their financial analysis. These figures show that their profits are increasing, but at a slow rate. This is in line with what is happening in the soft drink industry. The market is highly competitive and growth has remained at a stable level. The slight increase in Coca-Cola's profit margin is most likely from their new energy drink product line. This industry is currently expanding rapidly, and is allowing the major beverage companies to increase their profits.

B. STRATEGIC ANALYSIS

Five Competitive Forces for Coca-Cola Company

The soft drink industry is very competitive for all corporations involved, with the greatest competition being that from rival sellers within the industry. All soft drink companies have to think about the pressures; that from rival sellers within the industry, new entrants to the industry, substitute products, suppliers, and buyers. The competitive pressure from rival sellers is the greatest competition that Coca-Cola faces in the soft drink industry. Coca-Cola, Pepsi Co., and Cadbury Schweppes are the largest competitors in this industry, and they are all globally established which creates a great amount of competition. Though Coca-Cola owns four of the top five soft drink brands (Coca-Cola, Diet Coke, Fanta, and Sprite), it had lower sales in 2005 than did PepsiCo (Murray, 2006). However, Coca-Cola has higher sales in the global market than PepsiCo. In 2004, PepsiCo dominated North America with sales of $22 billion, whereas Coca-Cola only had about $6.6 billion, with more of their sales coming from overseas, as shown in Table 4 and Table 5. PepsiCo is the main competitor for Coca-Cola and these two brands have been in a power struggle for years (Murray, 2006).

SWOT Analysis

1. STRENGTHS

<u>*Brand Awareness*</u>: The Coca-Cola Company is one of the most widely recognized brands across the globe. Its signature logo, classic red & white colors, and world-famous jingle resonate with consumers of all ages. There are two key players in this sector of the beverage business, one being Coca-Cola, while the other remains PepsiCo, Inc. (PEP). That said, Coca-Cola maintains its position in the top post as the clear-cut winner. Although both businesses constantly jockey for increased market share, Coca-Cola has the edge here. The beverage producer also garners a core following customers, as many consumers that deem themselves fans of its products tend not to shift toward other brands. Going forward, the company's vast financial resources ought to fuel its sizable marketing efforts and increased product innovation, which should propel market-share gains over the long haul.

<u>*Robust Distribution Network*</u>: Coca-Cola makes its products available to individuals in more than 200 countries through the world's largest distribution network. Its ability to utilize company-owned/-controlled distributors, as well as independent bottlers, wholesalers, and retailers has no parallel. This system enables KO to closely manage costs, rapidly introduce new items into the marketplace, and saturate various geographic locations. Moreover, its meaningful network

allows for an enhanced level of quality control and safety for its goods. The stable distribution platform has been a boon for expansion in recent years, as the company has sought to reach new customers in remote locations. These diverse operations have aided market presence, volumes, deliveries, and product introductions during a crucial span (DeFranco, 2015).

2. WEAKNESS

Water Management: Water is a main ingredient in substantially all of the company's products. It is vital to the production of the agricultural ingredients on which the business relies and is needed in KO's core manufacturing processes. Also, this resource is critical to the prosperity of the communities Coca-Cola serves. Water is a limited resource in many parts of the world, facing unprecedented challenges from overexploitation, as well as rising demand for food and other consumer and industrial products whose manufacturing processes require water. These events increase the risk of pollution, poor management, and effects stemming from climate change. As the demand for water continues to climb around the world, and water becomes scarcer, the overall quality of available water sources may very well deteriorate markedly, leaving the Coca-Cola system to incur higher costs or face capacity constraints that could adversely affect its profitability or net operating revenues in the long run.

Foreign Currency Fluctuation: The company earns revenues, pays expenses, owns assets, and incurs liabilities in countries using currencies other than the U.S. dollar, including the euro, the Japanese yen, the Brazilian real, and the Mexican peso. In 2014, it used 70 functional currencies in addition to the U.S. dollar and derived $26.2 billion of net operating revenues from operations outside the United States. Because its consolidated financial statements are presented in U.S. dollars, Coca-Cola must translate revenues, income and expenses, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, increases or decreases in the value of the U.S. dollar against other major currencies affect its net operating revenues, operating income, and the value of balance sheet items denominated in foreign currencies. In addition, unexpected and dramatic devaluations of currencies in developing or emerging markets could negatively affect the value of the beverage provider's earnings from, and of the assets located in, those markets. Weaknesses in some currencies might be offset by strengths in others over time due to the geographic diversity of the company's operations. Moreover, KO also employs derivative financial instruments to further reduce its net exposure to foreign currency exchange rate fluctuations. However, it cannot fully hedge the impact from fluctuations in foreign currency exchange rates, particularly the strengthening of the U.S. dollar against major currencies or the currencies of large developing countries (DeFranco, 2015).

3. OPPORTUNITIES

Diversification: The company has been hard at work utilizing its ample war chest to build a presence in rapidly-growing beverage categories. Currently, it owns 16% of Keurig Green

Mountain and is developing a fresh Keurig Kold device that is set to debut this fall. Keurig, famous for pod-based, hot drinks intends to feature Coke-branded products for its upcoming platform. In addition, Coca-Cola recently finalized its purchase of a 17% stake in Monster Beverage. The deal provides the company with access to a popular energy drink growth segment. All told, we anticipate these transactions will bolster the top and bottom lines immediately. These joint ventures also deliver Coca-Cola with established inroads to a younger customer base. Looking ahead, KO will probably aim to forge increased relationships with coffee, energy, and health drink businesses.

Extended Reach: The population continues to increase at a steady clip. In order to capitalize on this fact and consumers' shift toward healthier living Coca-Cola has focused on bolstering a variety of its business lines. Areas such as India and China have ramped up demand for the company's latest juice and coffee offerings. Too, developing countries face hefty clean water shortages, which ought to result in surging demand for the company's bottled water goods. These business segments have increased at double-digit rates in the past year, highlighting an elevated need for beverages other than Coca-Cola's traditional drinks. We believe Coca-Cola remains dedicated to differentiating its portfolio and delivering emerging markets with various beverage staples over the long term (DeFranco, 2015).

4. THREATS

Nutritious Selections: It's been no secret that soft drink providers have suffered some of late. A cultural shift toward natural and organic products has led many to opt for nutritional waters, smoothies, and various healthy beverage options. Thus, core soda offerings that include high amounts of sugar, or diet items with artificial sweeteners, have fallen out of favor with buyers. What's more, this trend does not seem likely to abate, as consumers continue to boost their knowledge of proper dietary requirements and exercise programs. Further, many health professionals have called for the elimination of foods and beverages containing lofty amounts of sugar, since these products place individuals at an elevated risk of becoming obese, developing diabetes, and suffering from heart disease. Also, a negative perception of these beverages has surged due to federal regulators' desire to place excess taxes on sodas and sugary soft drinks.

Indirect Competition: Although companies such as Starbucks (SBUX) and Dunkin' Brands Group (DNKN) do not compete directly with Coca-Cola, these businesses do place a dent in the company's market share. The chains offer customers healthier alternatives, unique choices, and customer loyalty rewards that are not easily matched by Coca-Cola. In addition, smaller franchises and retail chains provide patrons with private-label substitutes for traditional Coke products, which allows these businesses to deliver beverages at a lower price. Industry data suggest potential customers will continue to be pulled away from basic drink selections in favor of customizable options that carry a greater nutritional benefit (DeFranco, 2015).

Industry Changes

The soft drink industry is affected by macro-environmental factors of the industry that will lead to change. First, the entry/exit of major firms is a trend in the industry that will likely lead to change. More specifically, merger and consolidation has been prevalent in the soft drinks market, causing some firms to exit the industry and then re-enter themselves. Several leading companies have been looking to drive revenue growth and improve market share through the increased economies of scale found through mergers and acquisitions. One specific example is how PepsiCo acquired Quaker Oats, who bought Gatorade which will help expand PepsiCo's energy drink sector (Datamonitor, 2005). This trend has increased competition as firms' diversification of products is increasing. A second trend in the macro environment is globalization. With the growing use of the internet and other electronic technologies, global communication is rapidly increasing. This is allowing firms to collaborate within the country market and expand into world markets. It has driven competition greatly as companies strive to be first-movers. Specifically, the global soft drink market's compound annual growth rate (CAGR) is expected to expand to 3.6% from 2004 to 2009 (Datamonitor, 2005). Third, changing societal concerns, attitudes, and lifestyles are important trends. In the United States and Europe, people are becoming more concerned with a healthy lifestyle. "Consumer awareness of health problems arising from obesity and inactive lifestyles represent a serious risk to the carbonated drinks sector" (Datamonitor, 2005, p. 15). The trend is causing the industry's business environment to change, as firms are differentiating their products in order to increase sales in a stagnant market. Thus, the long-term industry growth rate, the fourth trend, shows low growth in recent years. Since 2000, the CAGR is 1.5 per cent (Datamonitor, 2005). The low growth rates are of concern for soft drink companies, and several are creating new strategies to combat the low rates.

This leads to the fifth trend of growing buyer preferences for differentiated products. Because soft drinks have been around since as early as 1798 (American Beverage Association, 2006), buyers want innovation with the products they buy. In today's globalizing society, being plain is not good enough. According to Barbara Murray (2006), "The key for all of these beverage companies is differentiation. The giants have new formulations and appearances. Whatever the strategy, be it a new color, flavor, or formula, companies will strive to create the greatest brand awareness in the minds of the consumer in the hopes of crowding out its competitors." Thus, the last trend, product innovation, is necessary to combat buyers need for a variety of tastes. Firms are already differentiating by taste, with the Coca-Cola company as an example. The firm's product line includes regular Coca-Cola, Diet Coke, Diet cherry Coke, cherry Coke, Vanilla Coke, Coca-Cola with Lime, Coca-Cola with lemon and many more (Murray, 2006).

Key Success Factors

Key factors for competitive success within the soft drink industry branch from the trends of the macro-environment. Primarily, constant product innovation is imperative. A company must be able to recognize consumer wants and needs, while maintaining the ability to adjust with the changing market. They must keep up with the changing trends (Murray, 2006). Another key factor is the size of the organization, especially in terms of market share. Large distributors have the ability to negotiate with stadiums, universities and school systems, making them the exclusive supplier for a specified period of time. Additionally, they have the ability to commit to mass purchases that significantly lower their costs. They must implement effective distribution channels to remain competitive. Taste of the product is also a key factor for success. Furthermore, established brand loyalty is a large aspect of the soft drink industry. Many consumers of carbonated beverages are extremely dedicated to a particular product, and rarely purchase other varieties. This stresses the importance of developing and maintaining a superior brand image. Price, however, is also a key factor because consumers without a strong brand preference will select the product with the most competitive price. Finally, global expansion is a vital factor in the success of a company within the soft drink industry. The United States has reached relative market saturation, requiring movement into the global industry to maintain growth (Datamonitor, 2005).

C. STRATEGIC INFORMATION SYSTEM ANALYSIS

Types of Software

SAP R/3 from IBM together with ERP system is the most widely used software in Coca Cola Company. These IT solutions have enabled the company in fast decision making and better product quality while at the same time reducing the costs of operation. All the entities thus; Operations, Marketing, Accounting, Inventory and Human resources have a common system that enables consistent reporting of management and operational units. Apart from this closing of books either locally or globally, purchasing, financing are all done concurrently. It also ensures that employees, customer, and suppliers are on the same frame of reference. In Atlanta, SAP application include Accounting, Planning and Budgeting, Procurement, Employee self-service and others that run on an Internet network. Manufacturing plants have Project Systems implementation that oversees Inventory Management, Material Management, Production Planning and Sales and Distribution. The IBM server RS/6000 enables more than 1000 users concurrently.

Outsourcing services

Outsourcing is a strategic management tool that is being implemented at Coca Cola Company with an intention of gaining a competitive advantage by focusing more on activities that contribute to the success of the company. Coca Cola started outsourcing a long time ago when it started to look for new markets. It considered that capital was not enough and time was not adequate to create bottling plants everywhere. By outsourcing bottling, it was able to concentrate on the key business in quality products and feeding the growing market. Later on, bottling became a key factor in their business that they built an internal capability to do the same. With the help of Information Technology, outsourcing has helped Coca Cola to become what it is now.

Supply chain

The company produces the syrup which in turn is used in making beverages. The franchised companies then make the final product. This has been optimized by Information Technology implementation of SAP R/3. The movement of the final product from the manufacture to the customer encompasses supply chain. The Coca Cola Company employs a number of strategies that make this possible including compliance with local laws human rights and that all suppliers have contracts, are audited to form a comprehensive report. The suppliers are entrusted with provision of ingredients, ware and packaging. In turn, the company produces drinks which are taken to warehouses and distributors for availing to customers. The Coca Cola Manual Distribution Center model has seen the company sell even to the remotest part of the world.

Data collection and process

Various types of data that can be analyzed at Coca Cola Company include production volume, water, packaging, raw material volumes and Environmental Safety data. All this data is collected individually from respective companies and traceability is attached to enable final analysis. Data is collected scientifically and analyzed using spreadsheets to give detailed results.

Customer care provision

Customer care is professionally provided in Coca Cola Company ranging from simple queries to more complex company processes. Through their website one can track his orders or even return a product at any time of the day. The service is sometimes outsourced to third parties to ensure every query and assistance is accorded.

Data storage

The coca cola company data center is the nerve center where servers and storage devices ensure the bulk of data is secured for the companies use. With a 10 Gb Ethernet connection by Cisco, costs have dramatically reduced and so has time spent on locating vital information.

Network protection

Network protection has been achieved by incorporating Barracuda Networks solutions. These ensure security to the network and storage facilities in Information Technology Systems. The Web Application firewall ensures complete protection from all unauthorized users, viruses, hackers etc.

Database use

Coca Cola Company used Oracle Databases which have SQL capabilities previously but due to its SAP application, they have moved to IBM's DB2. The act led to reduction of hardware and software cost and a better storage, retrieval and security of data. Databases provide all the information from products to employees hence they play a vital part. IBM DB2 has greater compression which would reduce database size and lower licensing renewals (Essays, 2013).

PART 2: NATIONAL ENVIRONMENT

COUNTRY 1: UNITED STATES OF AMERICA

A. NATIONAL AND INDUSTRY ENVIRONMENT

National Demographics:

United states is where it all started. The country that resides the 4th largest population in the world of about 323,995,528 people. The soft drink industry serves a huge market under the range of 15 to 64 which is about 65% of the total population of the united states. The country is a huge market with a fairly stable GDP since the past 10 years having per capita of $55,800.

Jun 30, 2016	2.51%
Dec 31, 2015	3.00%
Dec 31, 2014	4.07%
Dec 31, 2013	4.31%
Dec 31, 2012	3.24%
Dec 31, 2011	3.64%
Dec 31, 2010	4.56%
Dec 31, 2009	0.11%
Dec 31, 2008	-0.92%
Dec 31, 2007	4.40%
Dec 31, 2006	5.12%

Also, the country provides them work force expert in manufacturing, sales domain which comprises of about 45% of the total work force. Country has the highest number of airports, biggest network of roadways and railways provides them to export the products all around the world.

Cultural Factors:

Country barriers and thus cultural barriers are relatively low for the beverage industry. Due to this it is essential for the industry to be able to communicate its image as a global brand to change people's perception. The industry expects its buyers to be able to think of their drink as something which connects the world together. The cultural and social implications are visible in marketing campaigns most of the time. Also, nowadays people have become more conscious and concerned about the environment and thus, sustainable manufacturing in a company is very important to maintain a good reputation.

Policy Factors:

Carbonated drinks have adverse health consequences. For this reason, governments consider to pass legislation that requires disclosing such information on product labels. Sometimes companies fail to meet government's standards and are subjected to fines. Any kind of changes in the laws and regulations like accounting standards, taxation requirements and environmental laws either in domestic or foreign authorities can influence the decision making. The change in the non-alcoholic business era, where the competitive product and pricing policy pressures, and ability to maintain or earn share of sales in worldwide market compared to competitors can be a factor. Political conditions like a civil conflict, governmental change and or restriction concerning the ability to relocate capital across borders can affect a company. Ability to penetrate emerging and developing markets depends on economic and political conditions as well as the industry's ability to form effectively strategic business alliances with local bottlers, and to enhance their production amenities, distribution networks, sales equipment and technology.

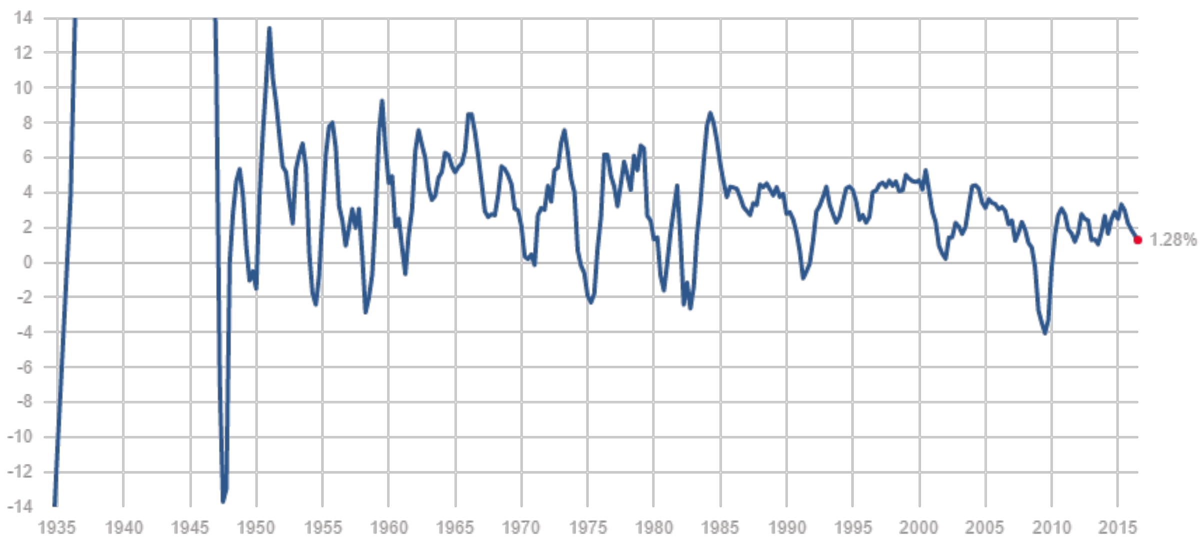
Consumer Preferences:

Age is one of the most important characteristic when evaluating a customer's choice. The younger generation leans towards products that are fun, new and hip. Besides sport drinks and energy drinks, a beverage industry would benefit if it produces organic beverages for this segment. Also, celebrity endorsements, attractive commercials, and sweepstakes become more important to the younger generation in their product design. On the other hand, the older generation is more health conscious and tends to consider nutritional factors between products (diet or zero calorie options). About one-third of Americans are considered obese and studies have speculated a link between soft drink consumption and obesity. Dieting has become a very marketable, popular trend which forces the soft drink industry to create new products that meet consumer preferences. Social media outlets such as Facebook, Instagram Twitter etc., keep consumers directly connected to the brand. Firms are able to obtain valuable information and suggestions from consumers about potential or current new products. Also, due to social media, low advertising costs are achieved with global outreach.

B. STRATEGIC ANALYSIS

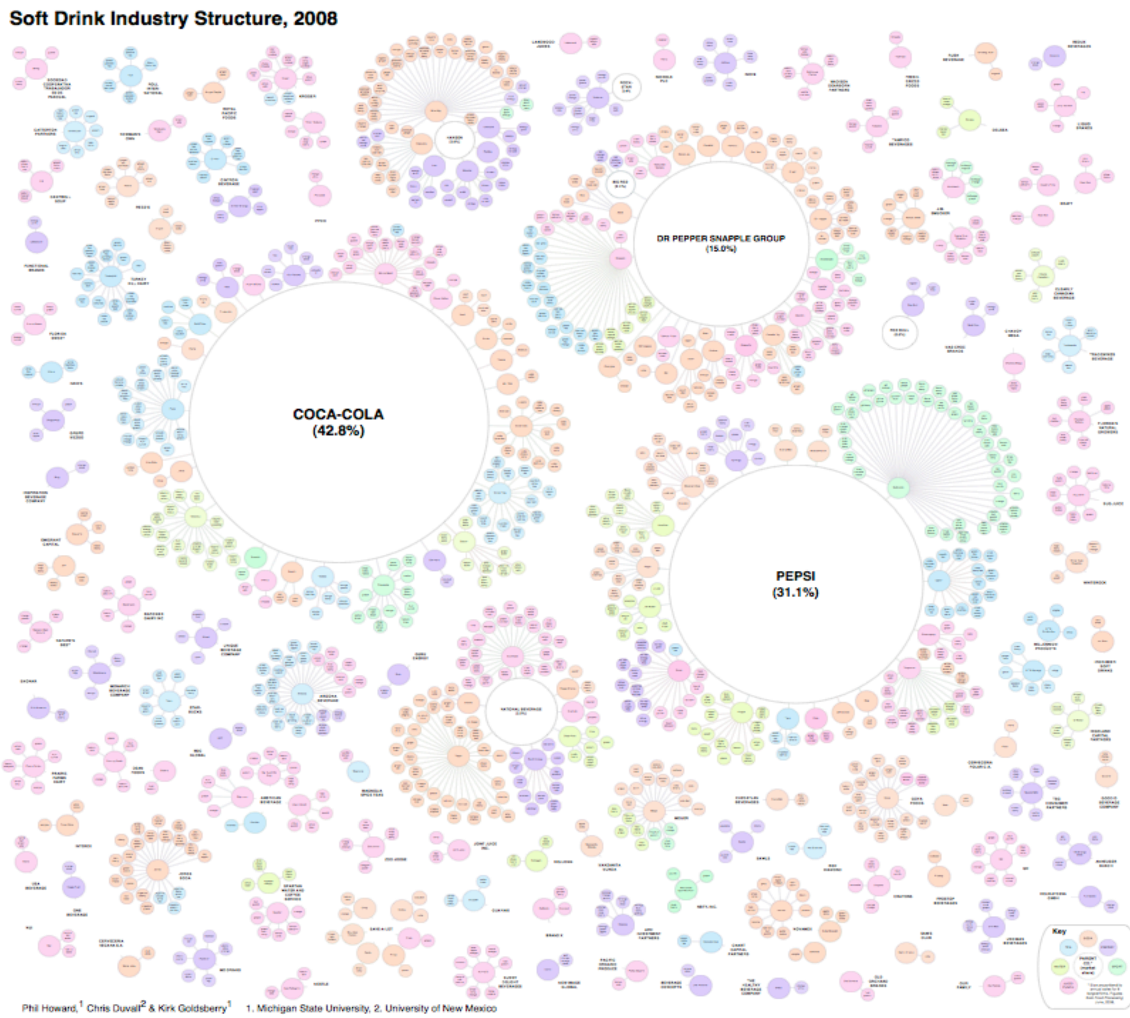
Business Practices:

There is an increasing amount of new brands and kinds of energy drink, soda and juice products appearing in the market with similar prices. Efficiency of a company's advertising, marketing and promotional programs affect the business process and thus the company needs to be in par with its competitors by having an ability to effectively promote their products through these channel to impact sales. In addition to this, the beverage industry needs to make its packaging design easy to carry and dispose. Also, since the technology is continuously advancing, new equipment needs to be constantly introduced. Factories also need to have the ability to produce cans at a faster rate than a machine gun fire bullets. Focus should also be out of the carbonates groups. This strategy works in short term as consumption of carbonated drinks will grow in emerging economies but it will prove weak as the world is fighting obesity and is moving towards consuming healthier food and drinks. The firm should take the advantage of this opportunity further to expand its product range with drinks that have low amount of sugar and calories. The most important and affective way to get competitive advantage is innovation. People will like to purchase the good even though price is high because no substitutes are available if the product is innovative. It may also give the industry brand loyalty which means customers will stay loyal to them.



Market size and growth rate within the company:

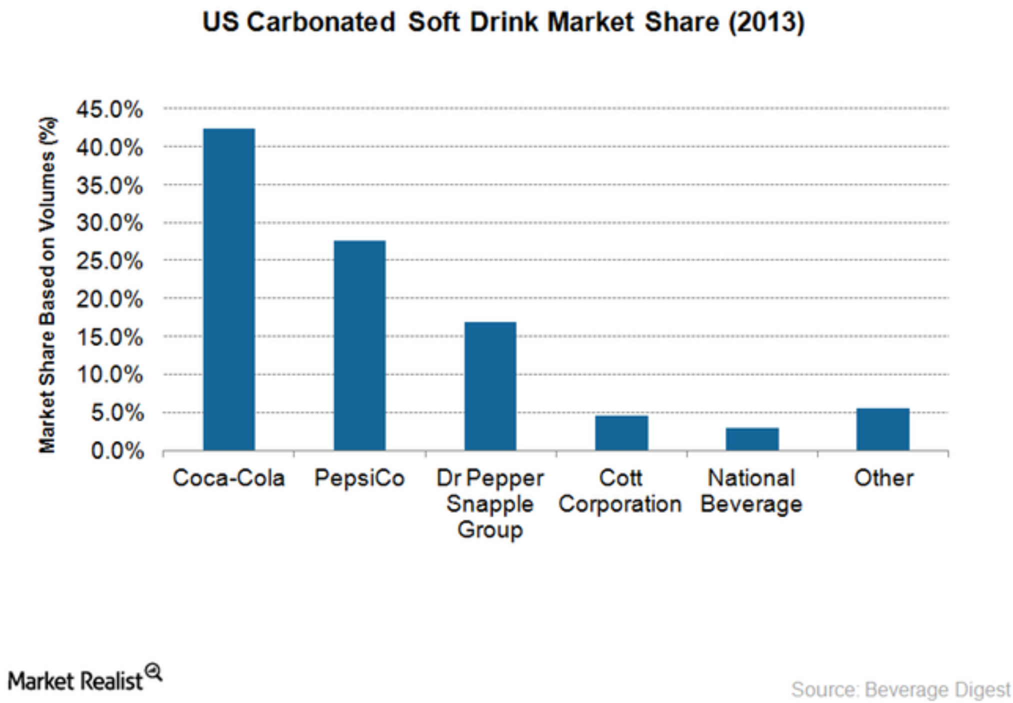
Statistics reveal that the market size of soft drinks in the United States increased drastically from 2010 to 2014. In the year 2013, the U.S. soft drink market size was valued at about 97.82 billion USD, up from 91.58 billion USD in the year 2010.
Market share for the leading soft drink companies in the United States, the Coca-Cola Company, PepsiCo and Dr. Pepper Snapple contributed 42.8%, 31.1% and 16.1% respectively.



Number of establishments and leading companies:

The Soft Drink Manufacturing market in the United States was predominately ruled by three players, who accounted for 66% of the total market share in 2010, Coca-Cola Company (28.6%), PepsiCo Inc (26.8%) and Dr Pepper Snapple Group (8.6%). The rest of the 36% of the market consisted of other small soft drink companies. The other companies being Cott Corporation (3.3%), National Beverage Corporation etc (1.3%) etc.,

Despite of several new companies, the Coca-Cola Company (KO) and PepsiCo, Inc (PEP) have dominated the non-alcoholic beverage industry for ages. The Coca-Cola Company in itself is the world's largest non-alcoholic beverage company with above 500 brands, few of them alone generating more than a billion dollars revenue each. The other major player, PepsiCo owns the leading brands across its snack foods and beverage portfolio, with 22 brands generating more a billion dollars each in revenue. The companies have a combined share of about 70% of the US carbonated soft drink (CSD) market, according to *Beverage Digest*.



Role of domestic Vs foreign companies

The domestic companies, based in the United States like The Coca-Cola Company, PepsiCo and Dr Pepper Snapple and National Beverage Corporation constitute most of the market share in this industry. The only foreign company in the top 5 of the non-alcoholic beverage industry is the Cott Corporation, which is Toronto based. Thus, it is obvious to say that the domestic companies are the sole market winners when compared to the foreign companies.

The Coca-Cola Company is a leading manufacturer, distributor, and marketer of soft drink concentrates and syrups. It both owns and licenses more than 500 brands across all the categories of soft drinks. The company's headquarters is in Atlanta, Georgia.
PepsiCo produces a variety of salty, sweet, and grain-based snacks as well as CSDs and non-CSDs. This company is solely responsible for manufacturing, marketing, and sales of these goods. Its headquarters is in New York.

The Dr Pepper Snapple Group is a leading integrated brand owner, bottler, and distributor of soft drinks in the United States, Canada, and Mexico. The company has 15 brands and is headquartered in Plano, Texas.

National Beverage Corporation is a Florida based holding company, which focuses on holding and developing strong regional brands, especially with the carbonated soft drink segment.

The Cott Corporation, a foreign company which is Toronto based is the world's largest manufacturer of retailer-brand soft drinks.

Industry structure and concentration:

The Coca-Cola Company is the leading CSD Company. Carbonated soft drinks belong to the non-alcoholic beverage industry. Depending upon the region, they are also well-known as soda, pop, or carbonated beverages, and include drinks containing water, sugar or an artificial sweetener, and a flavoring agent. Those fizzy drinks are usually available in two types, regular and diet. Soft drinks may also include non-alcoholic, ready to drink beverages such as juice, bottled water, functional drinks (sports and energy drinks), and coffee and tea (hot and iced).
The final products of soft drink production are distributed to six main segments. Supermarkets and general merchandisers represent the largest channel. The consumer purchases from here, soft drinks, which accounts for 48% of the market. The other five segments included in the soft drink market include are Food Service and drinking places. 20% of market includes fast-food outlets, take-out outlets, full-service restaurants and bars, convenience stores, gas stations. 12% of the market includes stand-alone convenience stores and stored attached to the gas stations. 11% of the market included vending machines in transportation outlets or other areas of convenience. The other 8% of the market includes smaller outlets such as drug stores, community centers, and private clubs. Exports account for 1% of the market, including to exports to Canada, Japan and Mexico.

Coca cola specifically have changed their strategy in this competitive market to increase their market share by 2020 by double the amount. The 5 major strategy changes are packaging which becomes a very crucial part of their engagement strategy. The contour shaped iconic bottle will mark 100 years this year. But their sales decreased suddenly because of which they came up with a new strategy of customizable packaging. This would replace the coke packaging with the customer's name. This has definitely spiked their sales up.

Second strategy on which Coca cola is focusing on right now are partnerships. Now they are concentrating more on maintain and building relationships.

Third strategy involves inventing or launching new products. They launched over 500 new products. They recently came up with Freestyle machine, a fountain dispenser which provides customers with remarkable distinctive flavors. Along with this they also created mobile app, called Freestyle, which could save specific customers favorite flavor combination. This is helping them create another marketplace.

Fourth strategy change was a start of an engagement program which provokes happiness with the help of sharing stories of people which are very compelling.

The last strategy change introduced was Cultural leadership. They have become consumer focused by having diligent discussions with their market. This has helped them start a 360-degree Engagement plan under which they are producing low or no calorie drinks, educating the people to consume healthy beverages, sharing nutrition information.

C. STRATEGIC INFORMATION SYSTEM ANALYSIS

Value chain:

Coca-Cola doesn't really have many SKUs, as compared to other companies in the same industry. However, products go to over 2.4 million delivery points through over 430 distribution centers. With such high scalability, managing transportation can be a huge challenge.
Coca-Cola's delivery could be streamlined by implementing the vehicle routing software. The reason for this is, that the software vendor has a good relationship with Coca-Cola's legacy ERP software vendor. Along with this, the vendor could develop the algorithm that fits in with the needs of the business. The result is thus, the transportation planners at each distribution center can use the new tools to reduce the travel time and distance on a daily basis. This can thus increase value to the company.

In order to expand its global footprint, Coca-Cola created a global supply chain through a franchising model. They only produce key raw materials, such as beverage bases and syrups. These raw materials will then be sold to 300 bottling partners throughout the world. Then, franchisees in each area can make the final products by adding water, sweeteners and carbonates. The finished products will then be sold via the retailing partners. Because of the help of this franchising model, Coca-Cola thus became one of the biggest multinational companies in the model.

The gross sales of carbonated soft drinks declined approximately 1.5% as the top 3 in the industry reported dip in the demand. These market leaders also disclosed the lowest servings of carbonated soft drinks to 650 eight-ounce.

As it is clear that consumers are more inclined towards healthier options like juices as these alternatives have less amount of calories and don't include sweeteners. Since the customers have become heath concerned it has marked reduction in demand for diet Coke, diet Pepsi and dew by approximately 5% each. At present the new entrants in terms of increasing demand are bottled water such as Dasani, Aquafina and Poland Spring which ranges between 6 to 12%. It has helped Aquafina to enter the top 10 list in the beverage category. The other competitors like Sprite and Fanta under the brand name of coke are also seeing increase in volume from 3 to 8%.

Even after this Coca cola and Pepsi still command the market where coca cola controlling over 42% and Pepsi 27 % market. Another competitor which had a sturdy performance was Monster which showed 7 % increment followed by Red Bull which acquires about 2% of the market share.

All the companies have shift their focus on creating and launching healthy beverages. Pepsi is coming up organic Gatorade, flavored waters and new vending machines. Coca cola is rolling out smartwater, sparkling minute maid to highlight healthy lifestyle and reducing calories. Dew came up with a category of sports drinks which is a hit the united states.
Another strategy changes that is seen to be running in the market at this point is the creation of smaller cans and bottles which is bringing in more profit for all the competitors in this industry and less criticism from anti-obesity advocates.

COUNTRY 2: CHINA

Coca-Cola entered Chinese market in 1927. China became the first foreign market that had sales of more than 1 million cases of Coca-Cola products. In 2013, Chinese customers purchased over 7.2 billion bottles of Coca-Cola products. There are some national environment factors that make Coca Cola achieve huge success in China.

A. NATIONAL AND INDUSTRY ENVIRONMENT

Demographic and economic

First of all, according to CIA World Factbook (2016), there are more than 1.3 billion people in China. Almost 390 million people are under 30 years old. Coca-Cola conducted well research on the Chinese market. The company found that people who are under 30 years old are the primary customers because this group of people consume 68 percent of Coca Cola products.

Information Infrastructure

Secondly, fast development of information infrastructure in China provides Coca-Cola a suitable environment to do the phone marketing and social media marketing. China is the country that has most number of phone lines, mobile phone users, and internet users. In July 2015, the total subscriptions of phone lines in China is 230.996 million. Total number of mobile phone users is 1305.738 million, which indicates that almost every person in China has a mobile phone. Moreover, there are 687.845 million internet users in China. Coca-Cola has taken advantage of this large group of people who are using phones and internet. For example, Coca-Cola has added promotion code under the bottle cap so that people can redeem the free drink or gift online. Coca-Cola has also contracted with some online gaming companies and attracted gamers to purchase Coca-Cola products. Another strategy in China is that, Coca-Cola has embedded advertisement into social media. For example, Coca-Cola has cooperated with Sina Weibo, which is a very similar social media platform as Twitter. The total number of Sina Weibo users is 222 million. Sina Weibo will push Coca-Cola advertisement or promotion to selected users and users can use Weibo Wallet to pay for Coca Cola products.

Here are some interesting stats according to Sabrina (2013, July).

- The first day, 300 bottles sold out in one hour
- The second day, 500 bottles sold out in half an hour
- The third day, 500 bottles sold out in five minutes
- The fourth day, 300 bottles sold out in one minute

Human Resources

Thirdly, increasing labor cost forced Coca-Cola to seek new approaches to lower the cost by using information technology. According to China Labour Bulletin (2016, April) Chinese regional governments were forced to increase the minimum wages of labor since 2010. The minimum monthly wage in 2010 is only 1120 yuan which is equal to 165 USD but now is 2190 yuan which is equal to 322 USD. It is evident to see that the minimum wage has almost doubled after 6 years. Previously, Coca-Cola mainly focused on hiring a huge number of people promoting the brand. Now because of the increasing cost of labor in China, Coca-Cola no longer needs to hire a substantial amount of people; Instead they can hire much less people using the social media to promote the brand. In addition, Coca-Cola improved their information system to manage sales, manufacturing, and so on. This approach can increase the efficiency so that they don't have to hire so many people to manage the data manually.

Cultural factors

Cultural factors such as trying foreign goods make it easy for Coca-Cola to enter the Chinese market. When Coca-Cola entered China in 1927, a lot of Chinese people wanted to try Coca-Cola products because it was foreign soft drinks for them. According to The Coca-Cola

Company (2016), Shanghai became the first market outside of the United States that sold more than one billion cases of Coca-Cola drinks in 1948.

Policy environment

However, Coca-Cola abandoned the Chinese market in 1949 because the Policy in China was not suitable for Coca-Cola. At that time, China was using a closed, centrally planned system. All foreign companies were forced to leave Chinese market due to the restricted trade policy.
Until 1979, Coca-Cola was able to re-enter the Chinese market because China has moved from closed policy to global trade policy. The policy environment is quite beneficial for all foreign companies such as Coca-Cola. For example, Chinese Regional governments attracted foreign companies by offering them low tax and cheaper land. By taking advantage of policy environment, Coca-Cola has now become the largest soda drinks provider in China.

Consumer preferences

In China, Coca-Cola is one the most popular brands in soft drinks industry. According to Liu (2011, July), Coca-Cola has 25 percent of market share in China. Pepsi, Coca-Cola's biggest competitor in Soft drink industry, has 20 percent of market share in China. Chinese Consumers not only prefer the taste of Coca-Cola products, but also like the Chinese name of Coca-Cola. In China, the Chinese name of Coca-Cola means delicious and happiness. That is the reason why Chinese consumers always purchase Coca-Cola drinks as their first choice.

More Details about Soft drink industry

China is the largest market in the world because of huge population. More than 90 percent of Chinese people have tried soft drink. Each year, every person in China, on average, consumes 24 bottles of soda. The growth rate of soda industry in China is generally stable, while currently there are signs indicating a slightly fall on growth. There are 6 major competitors in China and these companies are Pepsi, 7-Up, Fanta, Mirinda, Jianlibao, Wahaha. Coca-Cola is the number one company that lead soda industry in China. Coca-Cola has focused on Chinese Market for the past 10 years and now it is planning to invest 4 billion dollars to improve the infrastructure and information management system in China within next three years. Coca-Cola has partnerships with three largest bottling company in China and plan to build more factory to make Coca-Cola more competitive.

B. STRATEGIC ANALYSIS

Coca-Cola is the leading firm in soft drink industry in China. Coca-Cola corporation has been gaining huge success in Chinese market since 1979. The success results from Coca-Cola's strategy in China during different time periods. For example, when the labor cost in China was very low, Coca-Cola focus on the direct marketing and hiring substantial number of people selling their products. Coca-Cola also hire a substantial amount of labors to build more sites for manufacturing purposes. When the labor cost increased much and government policy was not beneficial for Coca-Cola, Coca-Cola cut their cost by improving information system and focusing on social media marketing.

The most important point to keep Coca-Cola's competitiveness is their branding strategy. Compared to Pepsi, Coca-Cola's biggest rival in Chinese market, their soda products taste quite similar. The approaches that different companies use to promote their brands make difference. According to James (2016) The brand does not simply mean "buy me." Instead, it says "This is what I am. This is why I exist. If you agree, if you like me, you can buy me, support me, and recommend me to your friends." Taking advantages of social media and e-commerce technologies makes Coca-Cola stand out compared to Pepsi. Everyone in China knows Coca-Cola because people can see the logo and advertisement everywhere, not only on television, but also on mobile devices.

C. STRATEGIC INFORMATION SYSTEM ANALYSIS

Coca-Cola create some major IS strategies that focus on social media marketing, e-commerce, and data analysis. Firstly, Coca-Cola developed their own system to manage inventory data, management data, project data, accounting data and so on. This system can save much labor and increase the working efficiency. Secondly, Coca-Cola gains advantages through CRM (Customer Relationship Management). For example, Coca-Cola launch their loyalty program, My Coke Rewards, to encourage customers to purchase their products. Moreover, Coca-Cola pushes notifications to potential customers via social media websites or mobile applications. Thirdly, Coca-Cola starts to hire IT talents to deal with digital marketing and enhance data protection. In the future, Coca-Cola's IT department will improve their content management system, digital rights system, and mobile distribution system.

In general Coca-Cola's IS strategies have achieved huge success in China. Through digital marketing and branding, Chinese customers have marked Coca-Cola as the best soft drink brand. However, some of IS strategies haven't had success yet in China due to policy and cultural factors. For example, the IT environment in China is stricter compared to other countries. It will take longer process to launch mobile applications. The user habit is also different, for example, Chinese people are more likely to buy Coca-Cola products in physical stores instead of shopping e-commerce website or utilizing mobile applications.

COUNTRY 3: SOUTH AFRICA

Imports of Coca-Cola into South Africa started in 1928 and bottling in 1940. It was in South Africa that Coca-Cola established its African roots and from there began its great “African adventure”. Sabco was Coca Cola’s first bottling partner in South Africa. By 1995, Sabco had extended its African operations to include plants in Mozambique, Kenya, Uganda, Tanzania, Ethiopia and Namibia.

A. NATIONAL AND INDUSTRY ENVIRONMENT

Demographic and economic

As per the last census, South Africa has a population of over 53 million people across various religions and ethnicities. It is important to note that 59% of them, or nearly 31.3 million are 30 or below. This is the primary target audience for Coca Cola products.

Information Infrastructure

In the two decades following the introduction of multiparty democracy, South Africa has seen tremendous economic progress. The Coca-Cola system serves as an example of long-term commitment to the country. It has invested significantly in almost every year since 1994 and spread its business network into all segments of the South African market.
As one of the world’s most efficient business systems, the Coca-Cola system offers potentially expanding economic opportunity as South Africa’s renewal moves forward in the decade ahead. In particular, entrepreneurial development and employment creation are key objectives of economic policy in South Africa.

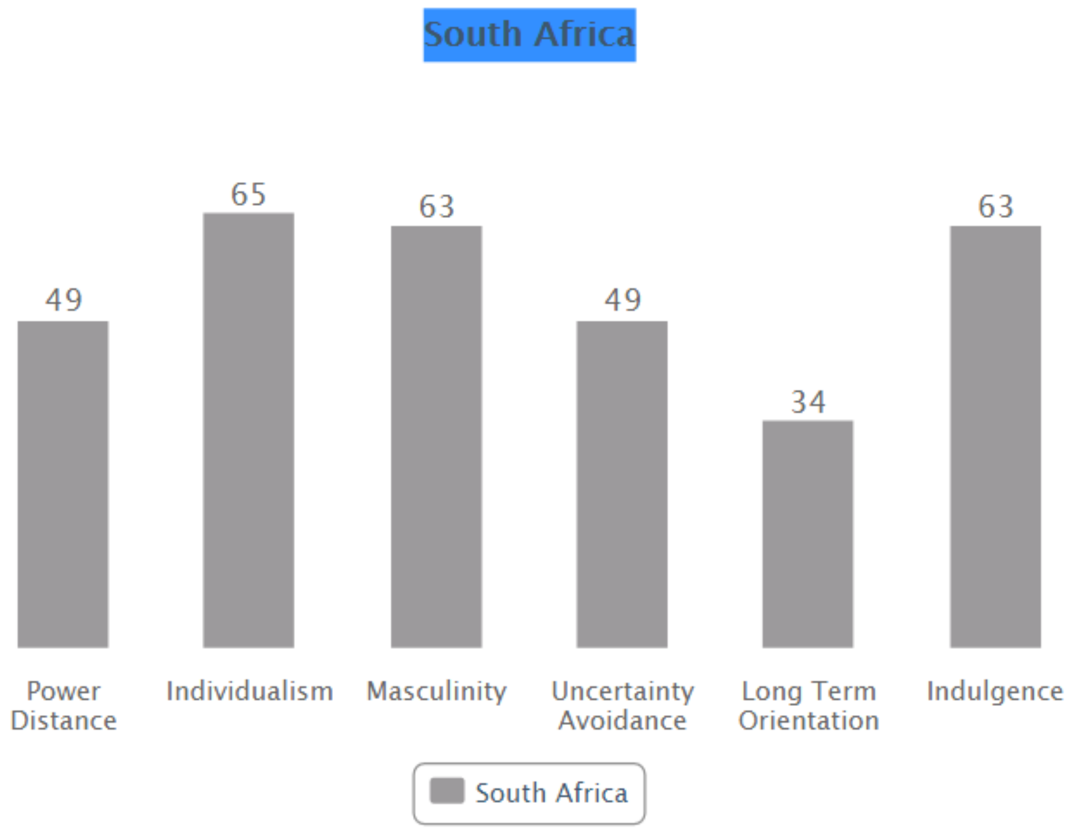
Human Resources

The Coca-Cola system provides employment and income for South African citizens as well as tax revenue for local and central governments. It can be seen that The Coca-Cola Company’s bottling activities engender substantial direct and indirect effects, creating significant business and employment opportunities throughout the economy.

The Coca-Cola bottling system directly employs 9,740 workers, with over 166,000 jobs are associated, directly or indirectly, with producing and distributing CocaCola products. about 1.4 percent of total South African employment.

Cultural factors

Employee well being is an integral part of Coca Cola SA culture. As a global business, their ability to understand, embrace and operate in a multicultural world -- both in the marketplace and in the workplace -- is critical to their sustainability.



This is Hofstede model evaluation. The important points are:

- With a high score of 63 it is clear that South Africa has a culture of Indulgence. People in societies classified by a high score in Indulgence generally exhibit a willingness to realise their impulses and desires with regard to enjoying life and having fun.

- South Africa, with a score of 65 is an Individualist society. The employer/employee relationship is a contract based on mutual advantage, hiring and promotion decisions are supposed to be based on merit only, management is the management of individuals.

As such, the firm regularly evaluates how to invest in employee well-being. In addition to offering comprehensive and affordable medical aid options, they look for practical and inexpensive ways to promote active healthy living including meal choices in canteens and on-site health screenings. Coca-Cola South Africa hosts Discovery Wellness Days at the office, a health trend that has been adopted by many companies. This gives employees access to simple preventative and early detection screening including cholesterol, blood pressure and sugar testing. Discovery rewards their Vitality members with points for participating in these Wellness Days.

Policy environment

The following policies of the South African Government have enabled Coca Cola to establish itself as the leader in its sector there since its beginning in 1940s.

- **GEAR – Growth, Employment and Redistribution framework** (focus to Liberalize trade more rapidly and introduce tax incentives to stimulate investment)

- **AsgiSA – The Accelerated and Shared Growth Initiative for South Africa** (focus on greater labor market flexibility via a review of labor laws)

- **NGP – The New Growth Path** (focus on promoting employment via the private sector and targeting labor-absorbing industries for investment)

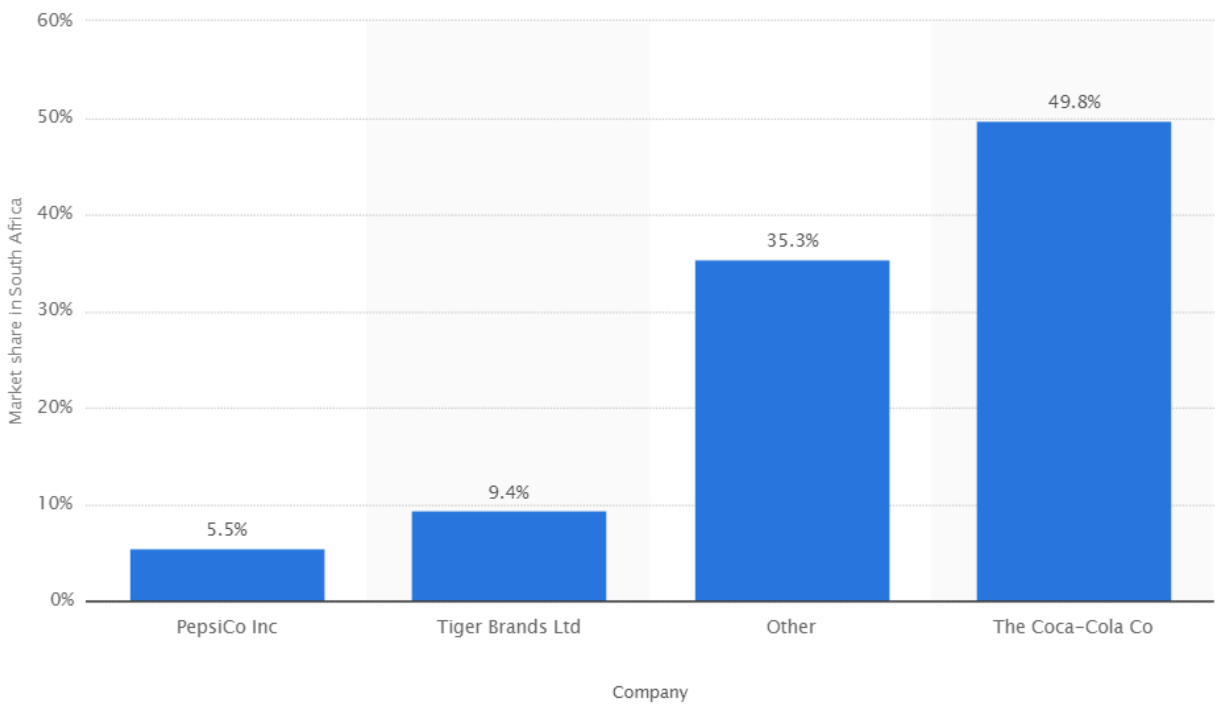
Consumer preferences

Since FMCGs are generally similar within categories, retailers have to compete on the basis of price. In a market with fierce competition, margins are squeezed to their minimum levels and the least efficient companies are pushed out of business. However, companies that can convince consumers to purchase their brand name rather than that of a competitor can maintain market share without necessarily having to offer lower prices. This is the basis of Coca Cola’s Strategy as explained below.

B. STRATEGIC ANALYSIS

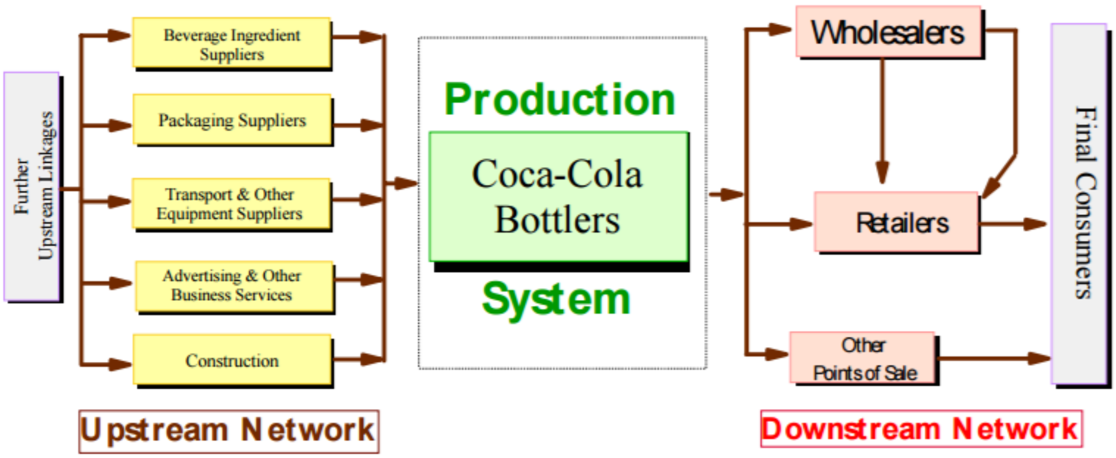
Pepsi and Coca-Cola are rival manufacturers of soft drinks and directly compete against each other in most countries in Africa, although Coca-Cola enjoys a dominant market position in most of the beverages markets on the continent. Coca-Cola has followed a good strategy in Africa, placing particular focus on how to get its product to consumers. The company has implemented innovative ways of achieving this and overcoming the general lack of formal retail, for example, by providing individual vendors and kiosks with refrigerators, and bicycles with coolers.
The strength of Coca Cola, and its dominant presence in South Africa is due to its long established history in the country, strong distribution network, and aggressive marketing techniques.

Taking a look at the market share of soft drink companies in South Africa in 2010, based on sales value:



The other thing that allows Coca Cola to lead in South Africa is its well-developed Distribution system, with the help of four major bottling partners, which is explained in the figure below:

Figure 1. Coca-Cola Production and Distribution



Coca Cola South Africa's Major bottling partners are the following:

C. STRATEGIC INFORMATION SYSTEM ANALYSIS

In many respects, South Africa has the conditions for a stable, growing, aggregate economy. Admittedly, growth will have to accelerate to create sufficient employment for South Africans, especially in the formal sector. At the same time, the conditions for enhancing firm and cluster competitiveness must be present. Competitiveness is driven by firms that respond to shifting, differentiated demand, commit capital resources, find talented workers, and upgrade productivity.

While it's mainly thought of as a simple soft drink company, other businesses could take a page from the Coca-Cola handbook when it comes to using technology for innovation. As a company, Coca-Cola constantly changes, rebrands, advertises for and presents their products in order to keep sales consistently high. Since the dawn of social networking, the green movement and the ability to stay constant connected to the Internet, Coca-Cola has continually harnessed new technology in a variety of ways to further the brand.

According to Ed Steinike, vice president and CIO of The Coca-Cola Company, “IT and marketing are very close partners at Coca-Cola today. We have visions of how we will use the consumer data as we deploy thousands and thousands of the machines in locations such as restaurant chains, entertainment venues, and retail stores.”

- Coca-Cola introduced greener bottles and packaging in 2009, producing 2.5 billion of their products using less petroleum.

- With over 34 million fans as of 2011, Coca-Cola harnesses the power of social networking to spread the word concerning new products, test advertorial campaigns, invite users to play games and associate Coca-Cola products with positive feelings.

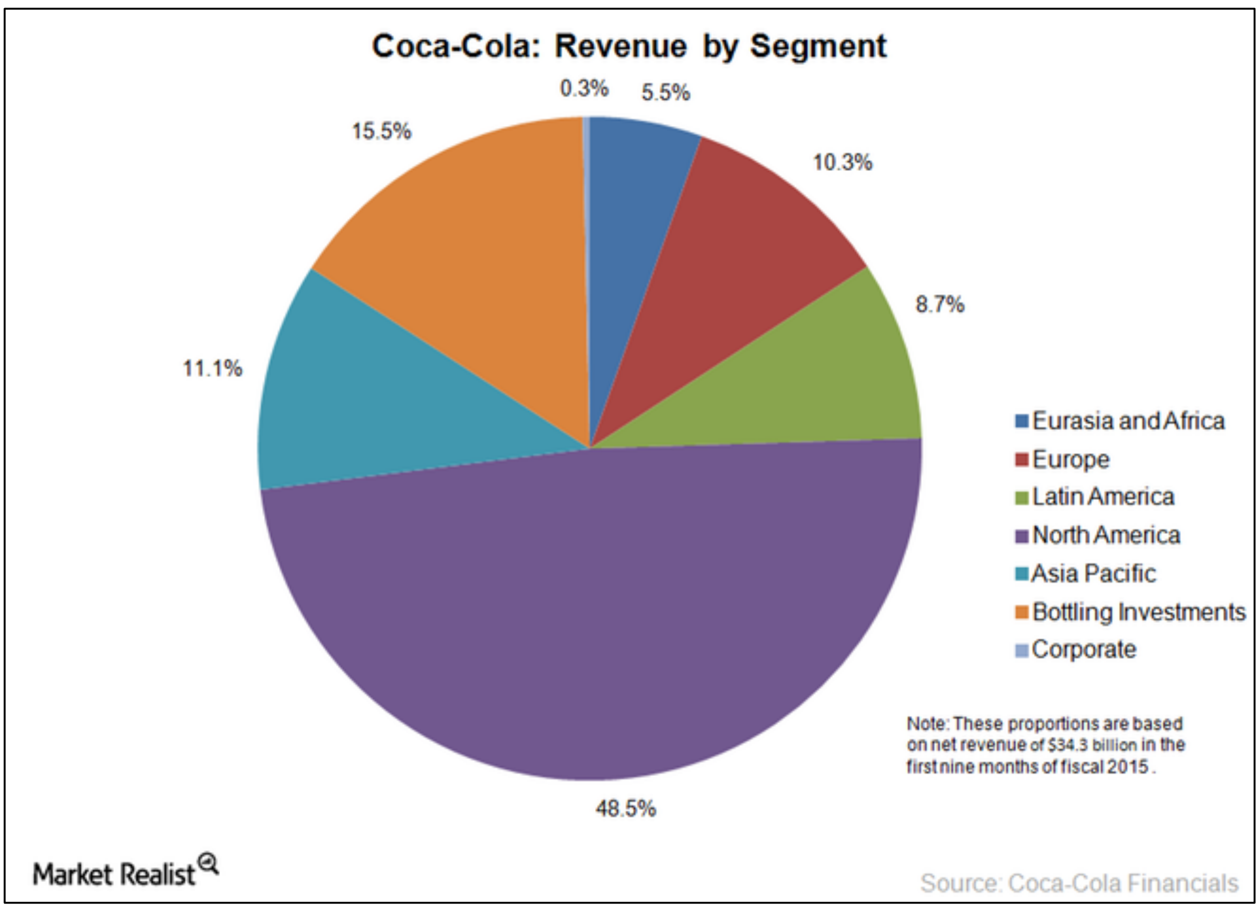
- Coca-Cola began rolling out its freestyle dispensers in late 2010 and early 2011. Unlike typical soda fountains, the freestyle dispenser allows you to create your own beverage by choosing from over 100 drinks in various combinations. The dispenser records information concerning consumers' drink choices, then sends the data back to Coca-Cola as market research.

- Targeted advertisements on websites mean that Coca-Cola has greater control over who sees their ads and when they see them. For instance, when you're perusing the online menu of a local eatery, Coke ads may appear, making you associate that restaurant with a tall, icy glass. Or, when you're researching local beaches, you may see an ad for Coca-Cola products, thereby associating heat with the refreshment of Coke.

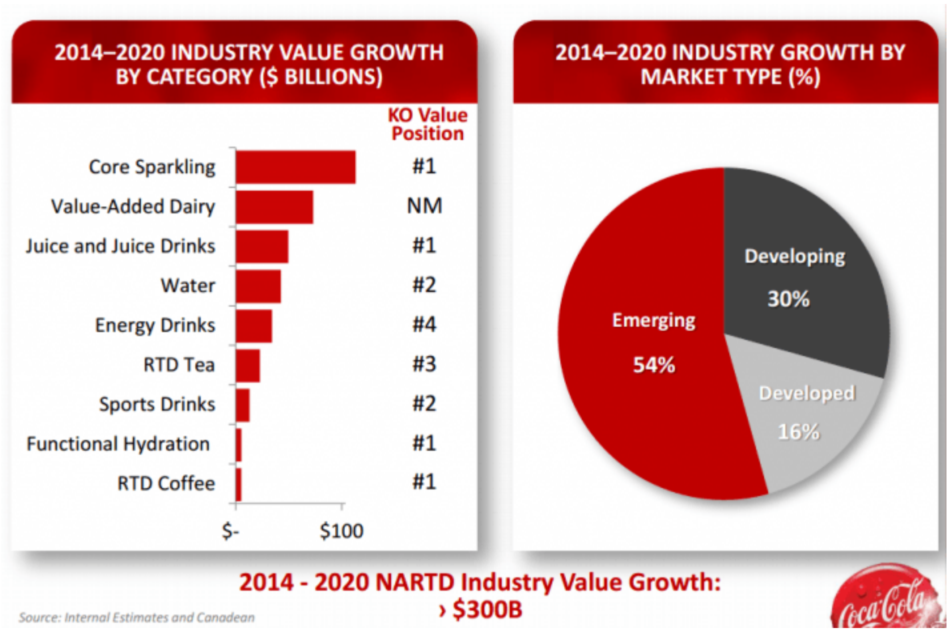
PART 3: SYNTHESIS

As discussed in the paper, the most amazing aspect of Coca Cola has been the manner in which it has grown over the years. According to Ahmet Bozer, president of CocaCola company's Eurasia and Africa Group, "The Coca-Cola brand is global, but it must be locally relevant. We may be giving the same happiness message, the same brand architecture may be communicated, but it has to be done differently in each country." (William J. Holstein, How Coca-Cola Manages 90 Emerging Markets)

The effectiveness of the company depends a lot on it close relationship with the various partners in each local region. As the company divides its organization into five major operating groups: North America, Latin America, Europe, Eurasia and Africa and Pacific it is able to understand consumer needs and preferences closely. This helps the company understand the consumer tastes, price affordability, market spread thereby determining pricing strategy, advertising initiatives and revenue generating methods. The success of Coca Cola can be seen through its revenue distribution of its revenue across different geographical markets.



Certain countries require a larger penetration to reach the consumers which results in increased spending on advertising to create brand awareness, creating local regional partners to expand supply chains, increased Information systems to capture newer audiences etc. Once the groundwork has been laid, the company then starts focusing on pricing strategies to meet the demands of local consumers by understanding their preferences, shopping patterns etc. that leads to decisions on the type of product it should launch that would gain the most popularity. For example, whether to launch plastic bottles or cans or glass bottles, the type of drink, the unit price and quantity are certain areas that differ according to the local market.



Systems and technology is another major area that the company has focused a lot on over the years. Being the world's largest beverage company with sales in over 200 countries, monitoring finances and logistics is a crucial element for the company. Having the right information system is also equally important for the company. The company technology has evolved. They started out with legacy systems that were inefficient, not user friendly and costly. Maintaining and updating information was very difficult. This is when they adopted Strategic Enterprise Management. This helped them in business planning for finances, data warehouse for information collection and data analysis with financial report generation and monthly sales forecasts. The most widely used software in the company is the SAP R/3 from IBM along with ERP system. This helps the company in faster decision making, reduced operating costs and better product quality. Various business functions such as Operations, Marketing, Accounting, Inventory and Human resources have a common system for reporting consistency and concurrency.

A. BUSINESS STRATEGY & NATIONAL ENVIRONMENT

As discussed in the paper, the primary reason for Coca-Cola's success in so many countries apart from the three countries discussed, have been their strategic Actions in expanding their business depending on the market and a good understanding of consumer preferences.

Let us now compare how the different National Environments result in relevant Business Strategies and understand the similarities and differences in the strategic initiatives across different countries by answering the following key questions.

Question 01.
In what important ways are our countries similar or different in terms of national environment that are relevant to Business Strategy?

Question 02.
What similarities and differences did you find in Business Strategy across the countries?

Question 03.
Can you generalize from these findings to draw conclusions about what country-level factors are especially important in shaping Business Strategy? This requires considering which of your national factors are likely to be relevant in many other countries, and which might be idiosyncratic to one country.

1. FOCUS ON DRIVING REVENUE AND PROFIT GROWTH:

The company used segmented revenue growth strategies that varied by market type.

- In Emerging Markets such as countries in Africa, the company focused on increasing volume by keeping beverage at affordable costs to create long term customers.
- In Developing Markets such as Brazil, India and China, the company focused on creating brand awareness by striking a balance between volume and pricing.
- In Developed Markets such as US, UK and Europe the company relied on offering higher quantities of small packages and premium packages like glass and aluminum bottles and spending lesser on branding and advertising.

CONCLUSION:
Coca Cola had to adopt its business strategies to generate revenue and growth according to the different countries it operated in. Thus, we believe that national environment certainly drives how an organization behaves. Organizations need to analyze consumer and local preferences and adapt their business models accordingly.

2. INVESTING IN BRAND AND BUSINESS:

In today's world any healthy business requires continuous investment. The company over the years kept investing on marketing, thereby increasing its quality and quantity. The company formed stronger teams creating advertisements that directly relate to people irrespective of which class they belong to, through impactful ads. Initiatives such as the first global marketing campaign to support Coca-Cola trademark of Diet Coke, Coke Zero and Coca Cola life appealed to customers because of offerings with fewer calories or no calories. The Coca Cola company is home to more than 500 brands ranging over beverages, juice, coffee, tea, sports drink, water, value add dairy, energy and enhanced hydration drinks. Together all these generate billions of dollars in revenue.

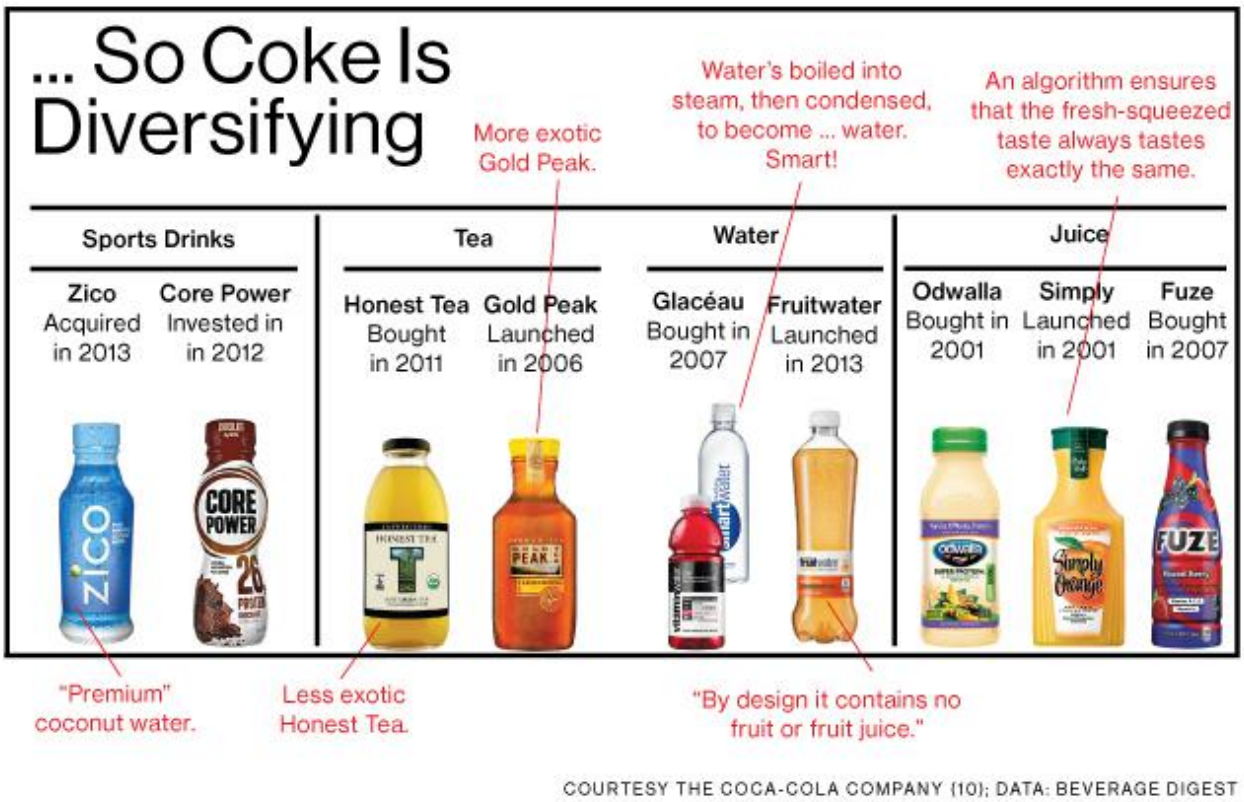
Coca Cola has a variety of products that meets local consumer needs. In India, the local team wanted to launch a Mango milkshake, which is a wonderful mango dairy product. Dairy is a very relevant category in India, Coca Cola launched 'Maaza milkshake's' and were received extremely well by consumers. In China, the same product does not have the same response. The company release an Orange Juice to meet Chinese customer tastes called Minute Maid's Pulpy, an orange juice with pulp. In US market, Sparkling Water, sports drinks and Juices are more popular. While in Africa sparkling drinks and juices have just began growing.

CONCLUSION:

Coca Cola had over 200 markets that it operated in. In-spite of the differences in the markets, the underlying factor that united all these markets was the product. Thus, we believe that though the national environment drives how an organization behaves, it is the product that needs to be improved with time. This could be through new features, improved services or newer varieties.

3. DIVERSIFICATION:

Over the years, the company also invested across expansive beverage portfolio's. The company developed strategic new partnerships with Monster Beverage Corporation, acquisitions of Minute maid and Barqs, investment in brands like Suja- a line of premium organic, cold‑pressed juices helped it grow in the US. The company also agreed to buy China Green Culiangwang, a plant‑based protein beverage brand and purchased stakes in Nigeria's Chi is which will help facilitate its growth in Africa. Chi is a leader in the Nigerian value-added dairy and juice market, owning popular brands Hollandia and Chivita.



Country/Region	Key Acquisitions and Partnerships
US (North America)	Minute Maid, Barqs, Odwalla, Fuze, Zico, Monster, SujaLife LLC
China and India	ThumbsUp, China Green Culliangwang
Africa and Middle East	SABMillers (stake in African soda botling), Chi limited (Nigeria)

CONCLUSION:

Coca Cola had to keep forming partnerships and bought stakes within several companies. This primarily helped them offer the best services which tied to their visions. Acquisitions and Partnerships plays a very important role as it helps global companies reach out to the local consumers effectively.

4. SIMPLIFIED COMPANY:

In the non-alcoholic beverage industry, evolving consumer tastes, preferences and sweeping innovations in the supply chain and retail scenario, have created an environment where speed, precision and empowered employees play a very important role. As discussed in the previous sections, the company over the years focused a lot on restructuring and identified key areas that needed improvement. Global business units were connected and processes were streamlined to remove roadblocks, helping the company adapt.

CONCLUSION:
Coca Cola has had to restructure its organization over the past several years. This factor depends on the performance of business units, in each National environment. An understanding of the roadblocks and issues are key in process improvement and organizational restructuring.

5. DEMOGRAPHIC AND POLITCAL FACTORS:

This is one of the biggest challenges for any company. Coca Cola has been a leader in managing relations with various governments which helped them gain access into markets such as India, China, Pakistan, Nigeria, South Africa etc. Indian helped Coco-Cola get easy entry into Indian Markets. The company also had to work closely with Chinese enterprises and develop strong relationships with the Chinese government. Once China opened up to foreign investment, bringing in technology and equipment was a major challenge. The company thus had to look at new ways through partners and joint ventures with local Chinese companies which then gradually helped them grow and setup their own infrastructure. Today Coca cola's investment in Africa is also very similar where they are relying on several partners to lay the groundwork for the company to expand gradually.

CONCLUSION:
Thus, we can conclude that Political conditions and demography, play a very important role for organizations to gain access to a new market. Once it has access, the organization can grow.

6. CULTURAL VARIATION:

Coca Cola has business units in vastly diverse regions including US, China, India, Brazil, Russia, Kenya, Nigeria, Turkey, Dubai, UK etc. The key for the company to be successful is its decision making process. According to Bozer, president of the Coca-Cola Company's Eurasia and Africa Group, the company has a "functional team in Istanbul with finance, marketing, and strategy capabilities. The functional team works as part of the global team to come up with strategic plans for each market. We share those with the business units, and we expect them to enrich the plans and add value to them by adapting them to their own needs." (William Holstein, 2011)

Depending on the region, the business units may suggest categories that a local consumer prefers and which products should be targeted. This clarity and understanding helps global teams communicate with each other to improve the decision making process.

CONCLUSION:

As discussed in the paper earlier and also on the basis of the above paragraph, we believe that though there is a huge diversity in cultures, tastes and preferences of consumers, understanding what works the best in a region is extremely important. A thorough analysis helps understand consumer preferences and market trends. To ensure that the company is able to utilize this information, feedback channels are required to be setup. This ensures that the information is cycled back to the managers which thus enables strategic decision making.

B. STRATEGIC INFORMATION SYSTEMS & NATIONAL ENVIRONMENT

Systems and technology is another major area that the company has focused a lot on over the years. Being the world's largest beverage company with sales in over 200 countries, monitoring finances and logistics is a crucial element for the company. The company increased ways to improve efficiency and productivity while reducing costs all over the world. This was achieved through improved supply chain, improved management of internal systems and by spending lesser on non-media and in-store promotions. The company was able to "realize more than $600 million in productivity improvement in 2015" (Five Strategic Actions, Apr 2016)

Question 01.
In what important ways are our countries similar or different in terms of national environment that are relevant to Strategic Information Systems?

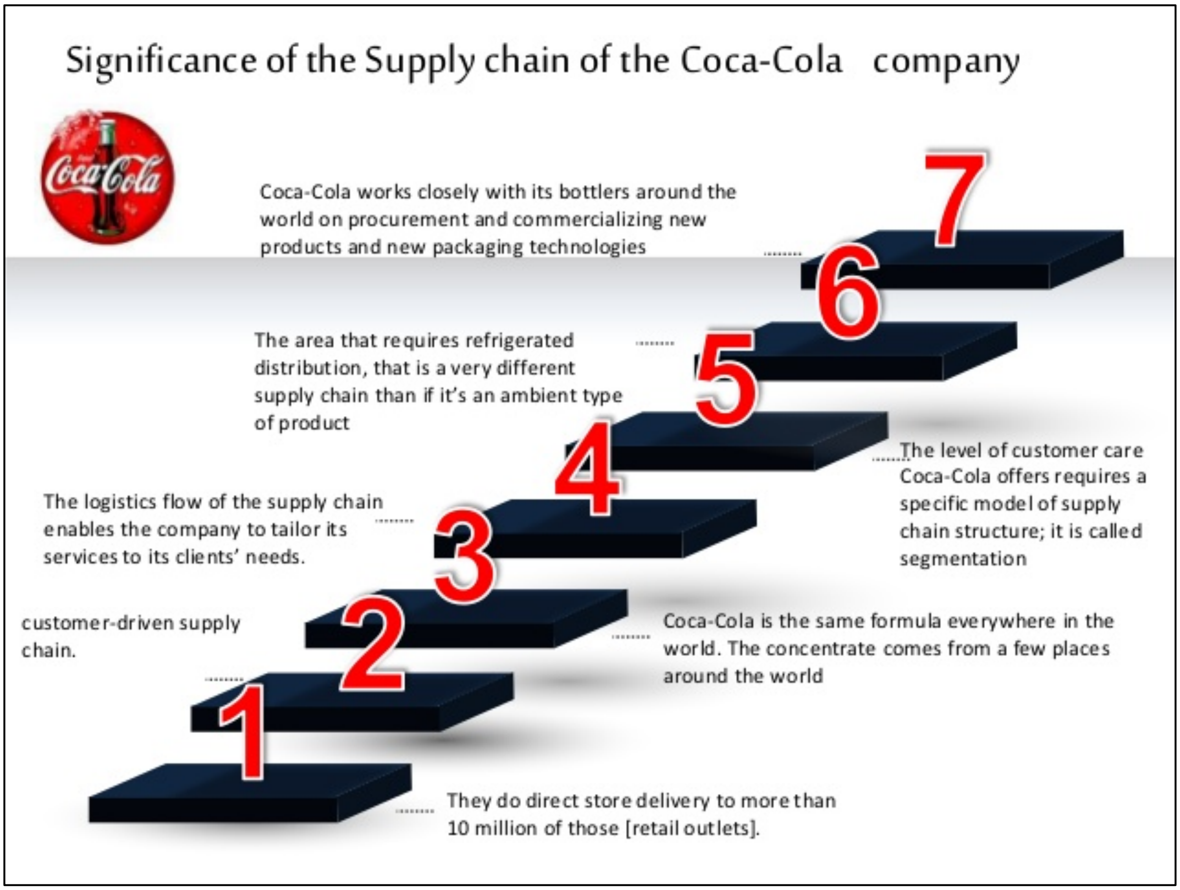
Question 02.
What similarities and differences did you find in strategic Information System across the countries?

Question 03.
Can you generalize from these findings to draw conclusions about what country-level factors are especially important in shaping Information System Strategy? This requires considering which of your national factors are likely to be relevant in many other countries, and which might be idiosyncratic to one country.

1. SUPPLY CHAIN IMPROVEMENT

The global supply chain of Coca Cola is a complicated network. It consists of manufacture of bottles, storing the bottles, in different product lines. The biggest challenge was to achieve consistency with real time information for strategic and tactical decision making. This resulted in the decision of implementing Advanced Planning & Optimization (APO) and SAP software.
In 2010 at Atlanta, US, the company implemented a "SAP application which included Accounting, Planning and Budgeting, Procurement, Employee self-service and others that run on an Internet network. Manufacturing plants have Project Systems implementation that oversees Inventory Management, Material Management, Production Planning and Sales and Distribution. The IBM server RS/6000 enables more than 1000 users concurrently." (Evaluation of Coca-Colas Integration of Information Systems, 23 March 2015)

The company gradually rolled out the Supply chain SAP technology, globally. In China, Swire Beverages, the franchise bottler for all brands of The Coca- Cola Company focused on supply chain optimization to synchronize it with real-time consumer demand across every channel. The company implemented new supply chain management solutions at all 17 of its European plants. The SAP Enterprise Resource Planning solution helped replace the legacy systems in the processes of order to cash, requisition to payment and record to report.



According to Thad Dungan, vice president, Solution Management at SAP,
"With globally extended and complex supply chains, it's critical for companies to enable actionable insight that supports continuous improvement with an end-to-end view of performance and root-cause analysis. Aligning supply chain strategy with corporate objectives across key lines of business in a timely and cost-effective manner can make all the difference in achieving superior supply chain performance." (Barry Hochfelder, 2011)

CONCLUSION:

For a large beverage company getting its supply chain to be efficient, lesser lead times and high efficiency are some of its major challenges. The company was able to successfully identify which areas it needed to focus on, to streamline its supply chain process. The improvements in China and US signify the importance of having new technologies helping the company improve sales and distribution, production planning and forecast. National environments help understand areas of improvement for Supply Chain, which organizations can focus on accordingly.

2. INFORMATION FLOW:

The company relies heavily on Information flow. It is crucial for the company to collect the data from consumers and translate this into business decision making. Data such as the production volume, packaging, raw material volume and availability, consumer demand and supply and environmental safety are some of the data that the company collects. The data helps drive decision making throughout the company. Another important element of information flow is Storage. The company partnered with CISCO, to setup a 10GB Ethernet connection and the data center with tools in place to keep the information secure. These measures have helped the company reduce costs dramatically and the time that is required to locate vital information. The company started with Oracle Databases, with SQL capabilities but have now moved to IBM's DB2. This has led to reduced software and hardware costs, improved storage and security and lower licensing renewals. The headquarters in Atlanta, Georgia oversees all operations of subsidiary companies in Asia, Africa and Europe.

CONCLUSION:

Irrespective of the industry an organization is in, Technology and Information flow, plays a very vital role. It helps integrate all the different business functions in a manner that the system is coherent with latest information what can be shared globally.

3. OUTSOURCING SERVICES

Outsourcing is a very important strategic tool for Coca Cola. This helps the company focus on those activities that would contribute much more towards being successful. Across all the countries that we have discussed so far, bottling plants were outsourced by the company. Outsourcing bottling helped Coca Cola focus on the key business of delivering quality and being able to support the demand.

According to an article on the company website,
"The Coca-Cola Company's core is the production, marketing, and selling of many of the world's most beloved beverages. Historically, for the bottling of our beverages, Coca-Cola has relied on independent bottling franchises, and this system has served us well. BIG started the process of strategically investing in select bottling operations, temporarily taking them under Coca-Cola's ownership. Utilizing the leadership and resources of The Coca-Cola Company, BIG can drive long-term growth in critical markets and affect major structural or investment challenges." (The Coca-Cola System)

The company has bottling operations in 17 countries which employs over 40,000 people and is spread over four continents. This includes countries such as India, China, Uruguay, Egypt, Oman, Malaysia and Cambodia. The similarity in these countries include providing cheap labor, strategically located for distribution and are developing economies that have growth potentials.

CONCLUSION:
Outsourcing is an important aspect for an organization. It helps the organization focus on areas that directly relate to the business. As in the case of Coca Cola, setting up of bottling plants and packaging companies would mean huge capital investments and setting up of infrastructure throughout the world. This would only be useful to the company if these estimated costs are less than having partnerships with local partner companies. Also, since local partners are experts in their region and experts at their domain, having a partnership is beneficial to companies like Coca Cola. Also, outsourcing is only useful if it is a cheap alternative, is located strategically and has future growth opportunities.

4. ROLE OF IT IN INNOVATION:

Coca-Cola, thought primarily as a simple soft drink company, invests a lot on technology to be innovate and remain a dominant player in the market. Over the years Coca-Cola has changed, rebranded, advertised and used innovative methods to increase sales and grow the brand. I recently came across Coca-Cola's intelligent vending machine Installation at Orlando with the new billboard that made me realize, the huge strides that the company has taken. The major areas that it focuses on include- Packaging, Partnerships, Products & Equipment, Consumer Provocations, and Cultural Leadership.

- One of the exciting innovations is the freestyle machine that is a new generation fountain dispenser. It offers over 100 products, with any kind of flavor mix allowing consumers to create new combinations. This has been integrated with a mobile app that lets any machine know what the consumer favorite flavor combination is. This would mean, the same machine would be usable worldwide, helping the company further generate information about consumer preferences in different localities.

- Greener Bottles: Coca-Cola introduced greener bottles and improved its packaging systems in 2009. This led to 2.5 billion of their products using less petroleum and resulted in huge savings for the company as billions of Coca-Cola products are shipped out each year. The practice has been so successful that companies such as Heinz, have started harnessing this technology to create greener packaging. The movement has revolutionized the packaging industry with other companies following soon.

- Intelligent Vending Machines: Coca-Cola have innovated on their vending machines, that can now be connected to the Internet and can report sales, inventory and service issues to Coca-Cola Refreshments in real time drastically improving service levels at reduced costs.

- Cashless gateway: People are accustomed to paying for everything with plastic, this led Coca-Cola to build its own Coca-Cola-Swipe to lower transaction costs and increase control over cashless payments processing. Machines are now being fitted with card readers to provide payment flexibility to its customers.

- Coca-Cola Interactive Venders: Coca-Cola innovated their vending machines to also act as a billboard. Custom content such as promotion, games, videos and TV commercial’s can be now displayed on the 46-inch touch screen. This has helped Coca-Cola connect with its consumers by creating an immediate connection, thus serving as an important digital marketing tool.

CONCLUSION:

These examples prove that Coca-Cola has taken a strategic approach using IS, leading to improvised products, reduced costs, increased presence and revenue. But having said that, these innovative products can only be utilized in countries that support the use of these advancements. Consumers in certain countries still may not have the environment that is conducive to bring in *such innovations and would prefer older technologies such as older vending machine. This is where an understanding of National environments is important. It helps understand that certain regions may adopt to an new innovative product, while other may not have the foundation and would require several years before it can be launched.*

C. INSIGHTS & PERSPECTIVES

In this section, we will try to answer the following question.

Question 04.
Going back to our discussions of global IS strategy and governance, and the models we covered, what new insights and perspectives have you gained from doing this comparative analysis?

'The Cultural relativity of Organizational Practices and Theories' by Geert Hofstede summarizes how management is influenced by national cultures. Every country is unique in terms of elements such as peoples thinking, resources, traditions, values and beliefs. It is this diversity that the author refers to as 'National Culture' and consists of the following four dimensions: Individualism vs Collectivism, Large vs Small Power Distances, Strong vs Weak Uncertainty avoidance, Masculinity vs Femininity, Long Term Orientation and Indulgence.

Countries like India, Brazil, Russia have developing markets that are very similar to the Chinese market. These markets are characterized by improving technologies, huge scopes for future investments, increasing GDP. This means that consumers in such countries have money to spend, are more likely to adopt and accept beverage products thereby forming a major target group for beverage companies.

According to the Hofstede's model, these countries represent fast growing economies with a past rich history, depend heavily on agriculture with very vibrant cultures and traditions. The countries appreciate having a top-down structure in place, with more responsibility and decision making authority to people at the top of the pyramid. The business units in these countries have communication that is top-down with higher management directing and leading teams, that have obedient team members.

On the other hand, countries such as Turkey, Nigeria, Indonesia etc. have emerging markets with conditions similar to the South African market. These markets are characterized as long term growth markets for companies. Here, the economic and political conditions are dominant. Consumers are less likely to adopt newer technologies and expensive beverages. Beverage companies can thus focus on marketing cheaper products that are similar to the local products for better adoption. Such countries are likely destinations for cheap labor and distribution which are major elements for the beverage industry.

Applying Hofstede's model, we find that these countries represent Restrained society, which maintain rigid codes of belief and behavior and are intolerant of unorthodox behavior and ideas. For any organization irrespective of the industry this becomes very challenging. But the best part of such countries is that there is a huge potential for investment, since these countries will only grow ahead.

While developed countries like UK, France, Germany, Australia are developed markets with environments similar to the US market. Here the beverage company can launch and test a variety of new innovations, technologies and marketing campaigns because customers are more likely to respond. At the same time, such an environment means the competition is huge, with very less room for mistakes.
Applying Hofstede's model, the business units in these countries are characterized by powerful people being approachable within an organization and have a much more open culture with a lot of communication that helps the industry grow at a faster rate.

Consumers in certain countries still may not have the environment that is conducive to bring in certain innovations and would prefer different technologies. This is where an understanding of National environments is important. It helps understand that certain regions may adopt to a new innovative product, while other may not have the foundation and infrastructure and would take several years before it can be launched.

From our analysis of Coca Cola, we can gain an insight into the Beverage Industry and how a company needs to strategies in order to become a leader in the market as Coca Cola was able to:

- Each organization in the beverage industry has to adopt its business strategies to generate revenue and growth according to the different countries it operates in.
- National environment drives how an organization behaves. Organizations need to analyze consumer and local preferences and adapt their business models accordingly. Some countries prefer one variety of beverages while other countries do not. Thus an understanding of consumer preference is highly required.
- We also believe that though the national environment drives how an organization behaves, the product that a beverage industry organization releases, needs to be improved with time. This could be through new features, improved services or newer varieties.
- Acquisitions and Partnerships are key to the survival and expansion of beverage companies. This is because, it helps global companies reach out to the local consumers effectively and efficiently.
- The growth of a beverage company is extremely challenging. An understanding of the roadblocks and issues are key in process improvement and organizational restructuring. This helps the organization evolve gradually according to external and internal business environments.
- Political conditions and demography, play a very important role for organizations to gain access to a new market.

- Though there is a huge diversity in cultures, tastes and preferences of consumers, understanding what works the best in a region is extremely important. A thorough analysis helps understand consumer preferences and market trends. To ensure that the company is able to utilize this information, feedback channels are required to be setup.
- For beverage companies to expand, getting its supply chain to be efficient, lesser lead times and high efficiency are some of its major challenges.
- Irrespective of the industry an organization is in, Technology and Information flow, plays a very vital role. It helps integrate all the different business functions in a manner that the system is coherent with latest information what can be shared globally.
- Outsourcing is an important aspect for a beverage company, since it helps the company to focus on its core business and long term revenue generation. Local partners are experts in their region and experts at their domain, having a partnership is beneficial to companies.

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