Example of essay on the organisation in strategic context

Business, Company

For many organizations venturing into the global market, one of the common challenges is making a choice between choosing a standardized international marketing approach and adopting a marketing strategy that is responsive to the specific needs of each customer segment. Although several studies have been carried out in favor, or against, the exclusive use of either o the two strategies, it is good to understand that each of the strategies has its own strengths and weaknesses; therefore, it is imperative to consider the conditions that provide the maximum benefits.

One of the best examples that offer an insight into the best means to manage global marketing is Coca-Cola Company which uses both standardization and adaption marketing strategies in their quest to penetrate the global markets. Coca-Cola is the global market leader in the soft drinks industry and its success has been cultivated through effective strategic positioning. With operations in close to 200 countries, Coca-Cola has established itself through itself Coca-Cola flagship brand. Despite the success of the Coca-Cola brand, the company also has more than 230 other brands to meet the local demands and tastes of its customers across the globe. This integration of both standardization and adaptation in the marketing strategies eliminates the risks of using either of the strategies exclusively.

The use of standardization as an international marketing strategy gained favor from scholars in the early 1980’s following the wave of globalization. For example, in a study carried out by Levitt (1983), he argued that in the quest to capture international markets, “ only global companies will achieve long-term success by concentrating on what everyone wants rather than worrying about the details of what everyone thinks they might like.” Levitt’s argument was largely based on the assumption that globalization would make consumer tastes homogeneous, and economies of scale achieved through production and marketing would give global companies a competitive edge. Although this seems to work well in some industries (especially those targeting high end consumers), experience has proved that no universal standard marketing approach would work across all the industries.

As Steinberg (1987, p. 4) argues, one of the reasons why global standardization does not work seamlessly is because there are several internal and external factors which are not captured when designing a global marketing strategy. The end result is that a global company with what would be considered to be a good international marketing may end up being a flop. Government and trade regulations vary from one country to another, the marketing infrastructure varies from one region to another and the competitive structure varies widely from one county to another. Therefore, what works very well in one country may not be replicated in other countries as well.

This proves that ‘ the rationale underlying global standardization is appropriate only in relation to certain product markets or market segments under certain market conditions” (Douglas & Wind 1987, p. 27). The best means to go about this matter is by determining the global strategy options which offer the maximum benefits within a given scenario.

Coming back to Coca-cola, the careful strategic positioning has also seen the company establish a very robust distributorship channel. Outside the United

States, the company allows local people to own bottling and distribution operations – with some few exceptions. The decision to adapt to the local consumer tastes has made it possible for Coca-Cola to tap the personal preferences within different locations, while at the same time connecting to the consumers. As of now, Coca-Cola has a relative competitive advantage over the other players in the industry due to this strategic positioning. The overall marketing strategy is a delicate balance between standardization and adaptation, but with a more standardized approach.

With Coca-Cola's good international performance in mind, it can be argued that strategic positioning gives the company a competitive edge – especially with regards to differentiation and cost leadership strategy. The company achieves differentiation through the diverse products that offer unique value to customers (superior products) and unique packaging. Cost leadership, on the other hand, is attained through economies of scale in research and the experience gained through production and processes.

Coca-Cola's strategic positioning therefore is what Douglas and Wind (1987) call an illustrative mixed strategy where some components of the marketing mix (such as packaging) are standardized in many countries while other components (such as pricing) are adapted to the environmental characteristics of the countries. This strategy therefore is cognizant of the internal and external dynamics which affect standardization.

While it is indeed true that globalization has opened new frontiers for organizations aiming to expand their operations in the international markets, organizations have to also be careful with their strategic positioning.

Although some researchers supported standardization marketing strategy as the only means to penetrate global markets, experience has proved that a mix of both standardization and adaptation strategies works better because it takes care of the local tastes, and other internal and external intricacies involved in the pricing, promotion and distribution o products and services. Therefore, no single rigid strategy can be used as a one stop shop for all the strategic positioning endeavours (Rabino & Shah 1987, p. 35).

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