

Good example of case study on the problem statement

[Business](#), [Company](#)



Management

This case study describes the most important issue facing Coca-Cola's ongoing expansion in China in 2014. The most important strategic issue facing Coca Cola's current development is localization of the company.

Localization of the company plays a crucial role in its growth China.

Localization refers to the adaptation to the needs, preferences and tastes of the Chinese people. Coca-Cola faces a strategic issue in customizing its products to the needs of the local people in China.

Element analysis

Economic and policy issues and trends in China

The government of China encourages FDI (Foreign Direct Investment). FDI policies in China encourage the growth of Coca-Cola in China. The government of China collaborates with Coca-Cola in its growth ventures (Carpenter and Sanders 666). The economic state of China influences the price of Coca Cola's products. The main economic trends that influence the activities of Coca-Cola in China include Inflation, recession, interest rates, exchange rates and balance of trade. Inflation and recession lead to a reduction in the prices. Economic deficits in China reduce the consumers' purchasing power (Carpenter and Sanders 666).

Industry Analysis

Competitors

There is intense competition in China from other soft drink companies. The

main competitors include PepsiCo company and Dr. Snapple group (Carpenter and Sanders 667)

New entrants

The threat of new soft drink companies is minimal because of the restrictive legal requirements from the government. It is hard for new companies to build a connection with the Chinese government (Carpenter and Sanders 667).

Substitute products

The threat of Coca Cola's substitutes is very high. Coca Cola products can be substituted by various soft drinks such as tea. Consumers in China have many choices of soft drinks. Many Chinese consumers opt for healthy soft drinks such as natural juice and milk because of increasing healthy awareness (Carpenter and Sanders 668).

Suppliers

The suppliers' bargaining power in China is weak. Coca-Cola is vulnerable to changes in the market price and this weakens suppliers. Additionally, China has numerous ingredients such as Saccharine and aspartame (Carpenter and Sanders 669).

Buyers

Buyers in China have a high purchasing power, and they prefer non-carbonated drinks. All buyers in China are aware of the risks of a lot of sugar hence Coca-Cola should change its products to suit the needs of the customers (Carpenter and Sanders 669)

Intensity of industry rivalry

The strength of the competition in the soft drink industry is high. Coca cola faces intense competition from Pepsi Cola. Pepsi-Cola Company has a large number of bottle buyouts in China. Pepsi produces soft drinks with a taste similar to those of Coca-Cola. Pepsi's marketing strategy in China is more favorable than that of Coca-Cola (Carpenter and Sanders 670).

Strategic recommendations

Corporate strategy

Coca-Cola should collaborate with the Chinese government and Chinese – owned Companies. Coke should handle China's restrictive policies with a lot of care. The company should seek support on its expansion plan by holding discussion with the Chinese government and expressing their intention of expanding operations in 2014 (Carpenter and Sanders 670).

Localization strategy

Coca-Cola should think and act in a local way that suits the Chinese people. The company should formulate strategies that suit China by approving the country's local initiatives. The company should localize the whole system in China. Coca Cola should set up more production lines for the Chinese Brands (Carpenter and Sanders 671).

Business strategy

Coca-Cola should form joint ventures with the Chinese-owned enterprises in establishing additional bottling plans. The Company should redesign its

distribution infrastructure. Coca-Cola should establish more bottling plants throughout China (Carpenter and Sanders 671).

Final recommendation

Functional strategy

Coca-Cola should launch new brands to support its growth in China. Coca-Cola should adopt internationalization strategy in promoting its expansion in China. Coca-Cola should reorganize and franchise its operations in China to help in increasing the functionality of the product portfolio. Coca-Cola should introduce non-carbonated soft drinks to safeguard the consumers' health (Carpenter and Sanders 672).

Learning Reflection

According to my knowledge and observation, China is the fastest and growing and largest consumer market in the world. I realized that Coca-Cola is committed to innovations that will help the company to grow in sustainable and responsible manner. I observed that the most important strategic issue facing Coca Cola's ongoing expansion is localization of the company. Coca-Cola faces a strategic issue in customizing its products to the needs of the local people in China. In my opinion, the main competitors include PepsiCo and Dr. Snapple group. According to my observation, many Chinese consumers opt for healthy soft drinks such as natural juice and milk.

In the process of my learning, found that the suppliers' bargaining power in China is weak. Buyers in China have a high purchasing power. The intensity of the rivalry in the soft drink industry is high. I feel that Coca-Cola should

establish more bottling plants throughout China. I think that Coca Cola should handle China's restrictive policies with a lot of care. The company should localize the whole system in China. In my opinion, Coca-Cola should introduce non-carbonated drinks and it should adopt internationalization storage in promoting its expansion in China.

Work Cited

Carpenter, A. and Sanders, W. Strategic Management: A dynamic Perspective, 2nd edition. Upper Saddle River, New Jersey: Pearson Prentice Hall (2009). Print.