

Coca-cola company on the international market

Business



Week Assignment There are various reasons why different companies move their product to the international market. The basic reason for this venture is the need to expand their market base and resultant sales (Bade, 2001).

There are different types of international businesses and their choice depends on the nature of the company. MNC, global, transnational, international, near-sourcing, and near-shoring are the different terminologies that are used to describe international business. The Coca-Cola Company is an example of companies that have a well-defined niche internationally. This essay will therefore analyse international business in relation to the Coca-Cola Company. Coca-Cola Company is a well-established American soft drink producer that has established its marketing tentacles in the international arena. Since its invention in 1944 in Georgia, the company has expanded tremendously to become a global market leader in the production and distribution of soft drinks. Coca-Cola was started just as any other business with the aims of taking the immediate market. John Pemberton the inventor of the company was a trained pharmacist who is responsible for the creation of the international drink. The company secured a trademark for the drink; this made it impossible for any other soft drink manufacturer to replicate their production formulas. The company produces soft drinks of different favours, which are sold in over two hundred countries worldwide. Due to the massive size of its market, the company produces the beverage in the form of a concentrate that is later sold to licensed distributors worldwide. The licensed distributors have the responsibility of converting the concentrate into finished products, which are bottled and distributed in their region. This has enabled Coca-Cola to become an international drink that can be purchased from any retailer in nearly all countries around the world. The <https://assignbuster.com/coca-cola-company-on-the-international-market/>

packaging and distribution of the product by local bottling companies make people in every country to identify themselves with Coca-Cola. In addition, the company markets the coke concentrate or soda fountains to restaurants and other international catering and food service distributors. Due to demands from a variety of customers, the company has introduced other flavours under the Coca-Cola brand names to supplement the original Coca-Cola flavour. Some these flavours include cola cherry, cola lemon tea, cola rasp berry and cola vanilla (CNBC 2012). These flavours are available in different countries according to their consumer's requirements and demands. In addition to the international market, the company concentrate on domestic and regional business. In the US, Coca-Cola is the leading company in the production and distribution of soft drinks. As part of its corporate social responsibility, the company collaborates with the public in major events that are both international and regional interest. The company is conscious about the environment and it, has initiated different projects to enhance environmental conservation (Ricky & Michael, 2010). The company has sponsored several research projects that are aimed at establishing green economies. In addition, the company supports education as part of its corporate social responsibility through the Coca-Cola scholarship scheme. Other than education and environmental conservation, the company is a major partner in sports. Coca cola is the leading sponsor of the Olympic competitions that have global participation (CNBC 2012). These activities and partnership have made Coca-Cola to become a household name. Near-sourcing and near-shoring are the main models through which global companies conduct their business. Near-sourcing is the act of taking the production unit next to the customers (Campbell, 2005). This enables a <https://assignbuster.com/coca-cola-company-on-the-international-market/>

company to produce goods that are according to the customer's specifications and, goods that customers can identify. On the other hand, near-shoring is the transfer of business, operations or production into nearby countries or countries that are in close proximity to the country of origin (Ricky & Michael, 2010). The Coca-Cola Company is keen about the two models of international trade and marketing. Its near-sourcing aspect is evident from its efforts in establishing bottling and distribution centres in different countries. On the other hand, its near-shoring models of international business are evident from its well-established marketing centres in the region. Despite being the leading company in production and distribution of soft drinks, Coca-Cola has its competitors that have taken their own share of the market. Among the competitors are Pepsi, Zam Zam cola, RC cola and Mecca cola. Pepsi and RC cola are international competitors while the other competitors while the others exert competitive pressure on particular region. Conclusion International business entails establishing production units in different countries across the globe or having global distribution of goods. The Coca-Cola Company is an example of an international company that has well established markets across the globe. The company sells its product through regional licensed distributors who are responsible for bottling and marketing the product. Near-sourcing activities of the company involve marketing the product in different countries across the globe while near-shoring activities include the company's involvement with regional marketers and distributors. Works Cited Bade, M. (2001). Foundations of Microeconomics. New York: Addison Wesley. Campbell, B. (2005). International taxation of low-tax Transactions: Low-tax jurisdictions volume 2. California: Sage. CNBC. (2012). The real story behind the real <https://assignbuster.com/coca-cola-company-on-the-international-market/>

thing. CNBC. Retrieved from <http://www.cnbc.com/id/33307309> Ricky, G & Michael, P. (2010). International Business (6th Ed.). New Jersey: Prentice Hall.