

Coca cola

Business



Coca cola Case Study Coca cola Case Study Question Benefits of moving from Localization to Global Standardization Global standardization is a marketing strategy that has been used by most multinationals when entering in new markets. The global standardization strategy requires that all markets are considered the same and products are sold in each market using the same strategy. A global standardization strategy implies that the same product will be sold to all markets with the same pricing strategy. Localization on the other hand localization involves adapting products to the different markets. Localization entails incorporating religious, cultural and economical aspects of a particular target market in order to make the product more appealing to them. Coca Cola CEO Roberto Guizetta is preferred global standardization over localization strategy to push the coca cola brand in other parts of the world. Roberto preferred global standardization because it maintains the consistency of the brand in all its markets in the sense that all customers get to enjoy the same product regardless of where they are located. Global standardization has very many benefits that may have driven the CEO to shift to this marketing strategy. One big advantage of global standardization is the fact that with the current technology, it is very easy to manage products and monitor how they were performing. Technology such as the internet allows consumers to access products from wherever they are. The other merit of standardization is that the strategy is cost effective. There are no costs involved in customizing products to fit in specific markets. Question 2: Change of strategy by CEO Daft Following Guizetta's implementation of the global standardization strategy, Coca Cola Company failed to meet its financial targets leading to the resignation of Robert Guizetta and subsequent replacement by Douglas <https://assignbuster.com/coca-cola-essay-samples/>

Daft. Daft was convinced that standardization was responsible for the financial crisis of the company and had to change to another marketing strategy. He preferred empowering local managers, hence changing the strategy to localization. Through localization, the local managers could incorporate cultural, economical and religious aspects of target consumers in their marketing strategies. This strategy led to the introduction of various tastes in the company's drinks, depending on the target market, where for instance sugarless drinks were introduced for consumers with diabetes. Managers could also employ marketing strategies that the locals would relate with. Advertisements and promotions would be conducted by the country managers. Global standardization failed because of various reasons. First, the company employed many employees at its headquarters in Atlanta, USA to manage its products. This led to a lot of redundancy as some of the tasks they were doing could be handled at the local level. This is why Daft had to lay off some employees and empower local managers. Global standardization also presents technical problems in terms of how the product is received in different markets. Some consumers perceive the product and the company as being foreign and hence shun from using the products. The consumers do not feel a connection between themselves and the company. Localization on the other hand as spearheaded by Daft would ensure the views and values of the locals are enshrined in the company. In changing the strategy to localization, Daft was seeking to increase the image of the company among the international consumers and present the company as being one of their local companies, hence feel free to relate with the company. This would lead to increased sales hence profitability of the company at both the local and the international level. Daft's strategy did not

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also achieve desired results and various reasons could be attributed to this situation. Localization led to noticeable differences in the how various people perceived the company and its products. Some markets immediately experienced success while others found it difficult to catch up the competition. This variation in how the product performed across the world led to fluctuations in company revenues and the company could not meet its target.

Question 3: new strategy under Isdell

The new strategy employed by the company saw more of a centralized management of affairs of the company, though not as it was during the leadership of Roberto Gizetta. This represents an amalgamation of both standardization and localization in varying proportions where most of the decisions and strategies would be made at the company headquarters in the US, while local managers also retained some powers in their countries. Despite this new strategy being considered more central, it is not exclusively standardization as it was during the Leadership of Guizetta. The benefit of this strategy is that key decisions are made at the company headquarters and localization is only allowed in markets that are deemed to perform well. The benefit of this is that the costs involved in marketing will be easily controlled and the company is able to experience increased revenues. The risk of this strategy is that the markets in which the products will be localized will feell alienated and may not respond well to the product.

Question 4: Evolution of Coca Cola Strategy

Different consumers in various places have different tastes. Multinational companies ought to carry out extensive research in the targeted markets in order to determine how best to meet the needs of consumers. Companies should be more flexible to change their strategies if they do not work at first in order to ensure the company continues to grow and exert its presence on

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the international scene. References Al-Ghamdi S. M., Sohail M. S., Al-Khaldi, A. (2007) " Measuring consumer satisfaction with consumer protection" Journal of Consumer Marketing Volume: 24 Issue: 2 pp: 71 - 79.