COCA-COLA'S INTERNATIONAL STRATEGIC MANAGEMENT

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Introduction

Coca-Cola Company is arguably the best-known soft drinks company in the world (Foster, 2014). Having found its roots in the US in a small lab, the story of Coca-Cola is one of the ventures, daring, and enterprise. Its corporate origins are from the experimental works of a pharmacist by the name of Jacob in Atlanta, Georgia in 1886 (Foster, 2014). In its first year of inception, the concentrate sold about 12 bottles (Uggla, 2015). The company has thus grown from its humble roots over its over 100 years of existence to have its location on virtually every country on earth; and with a market capitalization of over $276.5 billion, it ranks as the 32nd largest company in the world (Companiesmarketcap.com, 2022). This remarkable feat has been a result of years of leadership, strategic growth and excellent management. Currently, the Coca-Cola company hires over 700, 000 people across the globe (Companiesmarketcap.com, 2022). Besides, it has also been a result of thrift with the company making major acquisitions of would-be competitors to add to its portfolio in such a manner that it has absolved most of the competition to become the behemoth it is today. However, the major challenger to Coca-Cola's dominance is PepsiCo. Nevertheless, in terms of market capitalization, Coca-Cola remains the undisputed king of the soft drinks industry.

Among the key reasons for its success is its global strategy, with a reach on the international market. Through this international market reach, the company has consolidated its command through decentralized units to achieve its corporate mission of building sustainable businesses. Notably, the company's vision is to develop brands that are loved by customers, and creating products, in this case soft drinks, that people love due to their ability to refresh their bodies as well as raise their spirits. At the same time, Coca-Cola aims to achieve this success while having an impact on the lives of humanity on different quarters of the globe (Banutu-

Gomez, 2012, p. 154). This is defined as the corporate social responsibility (CSR) that the company obligates itself to as part of changing communities and its sustainability goals.

In that regard, this report will go into depth on the strategic processes both on cooperate level and business level using a real-world analysis from a global perspective. The report will also put into consideration how the Coca-Cola Company carry out international environmental analysis in both the United States and Nigeria that enable their sustainability in the market space and finally give recommendations on the key findings.

International Environment Analysis

The international environment of a company is pivotal to its success. An understanding of the factors that define the international market, as per the country perspective or dynamics is critical to a company's success in the given country or market. In analysis of the two international markets—the US and Nigeria, a PESTLE analysis is useful in establishing the key factors that lead to success of each company, and the strategy used in each country.

Political

The political environment in Nigeria is somewhat similar to that of the US, as both nations are democratic even though there is disparity in the level of their democratic development (Banks, 2016). Besides, the political environment dictates the level of transparency that is practiced in each nation. The US is a more transparent nation with regards to its operations, while Nigeria is bedevilled with state corruption which affects how businesses are run (Hassan et al., 2014). As such, in operating in Nigeria, Coca-Cola is likely to experience some political problems such as the demand for bribes to operate in certain areas, while in the US the key requirement is simply adhering to the established standards.

Economic

The economic situation between the two nations is diverse, with the US being a well-developed nation with a robust middle class, and a stable predictable economy (Uggla, 2015). In converse, Nigeria experiences high-income inequality with a rich upper class, a narrow middle class, and a high lower class (Banutu-Gomez, 2012). In this regard, the economic decision of Coca-Cola to operate in the two nations will be determined by the earnings and the consumer power. Also, it is informed by the power of the consumer to consider various alternatives, with the pricing competitive advantage of Coca-Cola being more pronounced in Nigeria than in the US. On the other hand, the overall economic capacity such as spending habits determines the regularity with which the markets in both countries consume the product (Banutu-Gomez, 2012). The market data is indicative that Nigeria is likely to make a more economic decision on consumption of the products, while the US might lean towards the socio-economic factors with the upper economic classes being concerned about the health outcomes of consumption of Coca-Cola products while the lower classes may likely consume more (Hassan et al., 2014).

Social

With regards to the social environment, the US has a robust consumer culture often driven by fast food and consumerism in the urban states (Baah and Bohaker, 2015). There is also a rich social life with restaurants and hotels being the major points of sale for the Coca-Cola products. In addition, the key social factor in the US with regards to Coca-Cola or the soft drinks industry is an understanding of the health consequences of taking Coca-Cola. For instance, in the US, Coca-Cola has had to make conscious efforts to advertise the zero-sugar coke drink as there is a high consciousness of diabetes as a key challenge. On the other hand, the social dimension of Nigeria is driven by an urban middle-class with a celebrity culture driving consumption (Ajala, 2021, p.

15). The mainstream media adverts play a role in informing social trends. There is relatively lower information on the health-related consequences of over consumption of Coca-Cola products in Nigeria.

Technological

The technological disparity between the US and Nigeria is significant, albeit to the extend of disrupting the supply chain patterns (Salau, 2021). In the US, the supply chain is enabled by a robust e-commerce system with retailers such as Target and other supermarkets. Besides, the other technological consideration is how well the data and information system are integrated. As Nigeria is a fast-developing country with technological innovations, the level of information integration is crucial in inventory management. Besides, the level of technological permeability is crucial to the type of marketing techniques that are used in market penetration. For instance, social media campaigns are effective when there is high number of people using social media. It occurs that on this factor, both the US and Nigeria offer an almost similar opportunity and techniques in marketing. However, in product innovation and improvement, the US remains the exclusive location for cutting edge technologies in the industrial sector (Calof et al., 2017).

Legal

In the US, the legal requirements of operations as regards to the manufacturing of Coca-Cola are those that apply to the production companies (Uggla, 2015). The US has a stringent approach to ensuring that companies are compliant to the tax regime, and promote utmost transparency in their dealings. There are more compliance issues in review such as the OSHA laws application in the company, labour rights and the consumer rights (Uggla, 2015). Else, any point of violation results in protracted legal battles and high costs in compensations.

In Nigeria, the terms of business entry are high, requiring the international companies to follow several procedures before they are fully given authority to operate (Salau, 2021). Since Coca-Cola has already established a branch in Nigeria which is run based on the country's laws including the state of safety and labour rights, the duty of compliance falls under the Nigerian management. On the other hand, the Coca-Cola Company acts as an enabler of international legal issues.

Environmental

The environmental sustainability issues in the US are more stringent as safety practices and low carbon emission by industries is part of the key requirements (Baah and Bohaker, 2015). In converse, Nigeria has less sustainability requirements for the companies operating in the country. Nevertheless, there is a growing awareness of the essence of environmental conservation and climate change issues and this has led to a rise in awareness of the safe and clean environment (Elmore, 2013). This is a new development that requires Coca-Cola Company to consider environmental sustainability issues in Nigeria as part of its CSR.

International Strategic Development

Corporate Strategy

The current corporate strategies of Coca-Cola Company are through managerial systems (Calof et al., 2017). There is a managerial department in charge of issues to do with marketing—this system is decentralized, albeit in an umbrella structure. The essence of having a good corporate strategy and structure is to have an effective administration of the company's international management.

Business Strategy

The business strategy of the Coca-Cola Company includes product diversification and innovation (Banks, 2016). The product diversification of the company is widespread, although its implementation in a given nation is based on a gradual test basis where the market tests and demands inform the choice of product to be released in the market. For instance, in the case of Coca-Cola's activities in the US, there is varied products including bottled water under the Coca-Cola brand name. There are also other minor products which are introduced, such as children focused drinks, and adult market targeted drinks (Calof et al., 2017).

Also, as the company aims at dominating the global supply chain system with minimal costs. The company employs a minimalist approach where the products are manufactured in the local companies (Banutu-Gomez, 2012). In the case of Nigeria, Coca-Cola creates its products from Nigeria even though the special sites and manufacturing plants for the drinks are made and developed in the US (HBC, 2022). On the other hand, the Coca-Cola bottling company in Nigeria is tasked with packaging the products and supplying them to the local market. In this regard, the Nigerian bottling company accesses the nature of the market, and decides when to introduce a new product. As it exists, the products are already in existence, only that the market tastes determine whether the head office authorizes consignments for their manufacture in Nigeria. A similar approach is applied in the US market where the decision to issue the various products is based on the market demand.

Notwithstanding, Coca-Cola's headquarters manages the portfolio of subsidiaries through the various bottling plants, which make the decision on whether to fully operate the Coca-Cola brands or to have a product mix that is outside the scope of Coca-Cola products. For instance, the bottling plant in Nigeria produces licensed Coca-Cola drinks as well as third party drinks from

their arrangements with other companies. For example, the bottling plant also produces alcoholic drinks such as Wild Turkey, Jack Daniel's and The Macallan (HBC, 2022). On the other hand, it incorporates some of the targeted soft drinks which are developed by Coca-Cola for specific market groups such as athletes, and sportspeople. This includes Monster and Predator which are energy drinks (HBC, 2022).

The strategic development of the Coca-Cola Company has been through direct entry into the foreign markets. As the US is the initial or primary market, the company has grown since its inception through the years due to the variant of mixed factors such as marketing and persistent brand identity. In the international market, especially in the case of Nigeria, Coca-Cola company made entry into the market in the year 1951 (Salau, 2021). The company has led by a strong brand identity which has made it easy for the company to market itself without extra costs. Imperatively, the essence of a strong brand identity is that it leads to great market performance.

Effective Marketing

Coca-Cola Company has one of the best-developed marketing strategies which makes it one of the most successful brands. In Nigeria, the Coca-Cola Company has led by establishing a strong brand. The company has also created a strong marketing criterion in the US. Notably, the marketing strategy in the US is based on intensive marketing criteria since the company faces stiff competition from PepsiCo (Fritz et al., 2010). As such, Coca-Cola has been kept on its toes to come up with creative marketing campaigns aimed at keeping up with the competitive markets. In this regard, the US has a great market variability with PepsiCo taking dominance in the markets.

Corporate Social Responsibility

Corporate social responsibility has become one of the critical factors in the success of a corporation. With a company that spans international markets, the pressure to fulfil its corporate

responsibility is high, with the prevailing assumption that it should be at the forefront of impacting communities. At the heart of Coca-Cola's mission is to have a strategic corporate responsibility that is driven by a campaign to keep the commitment of doing well in societies (Mazzei and Noble, 2017). Notably, Coca-Cola's CSR in the US incorporates the global CSR strategy of the company – as it is the primary market for all of the company's innovations, including a test on how people relate to new ideas.

With regards to the US CSR strategy, the key national issues such as climate change, environmental activism, and health-related issues take the centre stage (Jones and Comfort, 2018). The essence of the CSR strategy is crucial to Coca-Cola's sustainability in the US. In line with this strategy, the company has focused on working toward health-related initiatives. Also, as the company aims at activism-based issues, there is more visibility towards society-based issues. In addition, the Coca-Cola Company engages in community-related activities such as supporting sporting events (Jones and Comfort, 2018).

In Nigeria, Coca-Cola's CSR has been localized, albeit following the UN SDG agenda and format (Calof et al., 2017). In this case, the CSR in Nigeria is targeted on reducing emissions to address climate change issues; good use of water and stewardship as this target the sustainability of water as a key resource (Walsh and Dowding, 2012). There is also nutrition which targets the poor rural and urban population to make sure that they access quality food products and have sustainable farming practice. In addition, the CSR aims at environmental conservation as the packaging process aims at a world without waste and as such has reduced the use of plastics which are easily disposable, choosing to package the products often in glass bottles (Banks, 2016). Further, to promote the sustainability of the local markets, Coca-Cola focuses on sourcing its ingredients from the local producers in the event that some of its products require raw materials

from the local markets. In addition, Coca-Cola's CSR in Nigeria is also concerned with empowering people and communities through engagement in trainings and educational programs aimed at strengthening the capacity of the locals (Hassan et al., 2014).

International Strategic Implementation

The Coca-Cola Company has adopted a decentralized organizational structure in which the local operations of the company in a given nation is run by the country-based professionals (Mazzei and Noble, 2017). For example, while Coca-Cola headquarters runs the overall corporate management of issues such as its global supply chain strategy, and leadership, the country-based leadership models are in charge of the day to day running of the affairs of the company in its area of operation. In this case, Nigeria's corporate strategy of using a bottling company has served the company well in ensuring that the local terms of production are met while leveraging on low costs of labour and supply chain management (Grgic, 2020). In comparison, the US market has a more costly approach to the management of the supply chain as the costs of labour are relatively higher compared to Nigeria. Taking this into perspective, there will be an appreciation of the relevance of each market-specific strategy (Grgic, 2020). While the US supply chain management is comparatively costlier, there is faster delivery of the products to a vast demographic reach in terms of landmass and high scalability in an extremely competitive market.

In evaluating the corporate structure and its strategic fit in the international market, it is worthy to consider the dynamics of the markets. The Porter Five Forces have a significant influence on the international market (Wang, 2015). These include the threat of new entrants, threat of products that act as substitutes, bargaining power of suppliers, bargaining power of buyers, and the power of competitors. With regards to the international strategic implementation, the Coca-Cola Company observes the key factors that influence each given market. For example, while the

power of competitors is significant in the US, it is minimal in the Nigerian market (Baah and Bohaker, 2015). Also, the threat of substitute products is more of a US market problem than Nigeria where the dominant product is Coca-Cola soft drinks (Kolk and Lenfant, 2010). This comparative approach in considering how each factor impacts on the market informs the strategy employed in a given country.

As such, the corporate organizational approach differs depending on the part of the globe (Fritz et al., 2010). While the core Coca-Cola strategies include product development, supply chain and marketing, the extent to which the company focuses on each strategy varies from one region to another. In the US—which is the core-market, the key corporate approach is investment in innovation of the product diversification as this is the basis of decisions on which new products to sell in its other markets. As there is diverse market tastes and high consumer purchasing power in the US compared to Nigeria, the number of products available to the US consumers is extensive, while in Nigeria most of the Coca-Cola products available to the market are the core-products, mostly the soft drinks (Kolk and Lenfant, 2010).

Further, the international strategy in product marketing, as well as development, is defined by socio-cultural factors (Walsh and Dowding, 2012). Nigeria has a different culture from the US, with the Nigerian market factors – both in labour and in consumer markets being driven by social factors rather than economic. For example, work forms an essential element of the society in Nigeria, while in the US work is majorly aimed at the economic gains it accrues (Agwu and Taylor, 2014). In taking this consideration, it is certain that the marketing approach of the company has to portray two different brand images or perspectives with regard to Coca-Cola's corporate strategy. Similarly, when marketing products, the effectiveness of the products – such as being a refresher is more likely to be a major concern for the US market, while the cost friendliness of the product

and its community appeal to family bonds or moments may be most appropriate corporate marketing strategy in Nigeria. This demonstrates the dynamics of marketing as a corporate strategy in the international markets.

In addition, the Coca-Cola Company has instilled innovation in its global processes. The type of innovation implemented in each country is based on its market tastes. For example, in the US, the product innovation is driven by market demands including the social dynamics (Barkay, 2013). As the aim of Coca-Cola is to become a market leader in the regions for which it operates, the company has utilized the strategic positions of the major economies in the regions it operates to permeate to the other economies. For instance, the growth of the US based Coca-Cola reputation has been useful in its expansion to the nearby North American countries such as Mexico and Canada dynamics (Barkay, 2013). The strategy of Coca-Cola has been led by reputation which has been useful in having a significant regional impact to the nearby markets. In Nigeria, the impact of Coca-Cola's reputation as an effective brand and a powerful multinational company has laid ground for it to permeate other West African countries. This demonstrates the power of leading through market capitalization and creating a strong brand identity.

Another corporate goal of Coca-Cola which has been attained through the company's international implementation of its strategies is the use of sustainability measures both at the organizational level and at the market level. The Coca-Cola Company has maintained a strong organizational culture that is driven by innovation and a focus on quality products that quench the thirst of the consumers. The company has sustained the customer base through various multilevel campaigns such as those promoting the idea of enjoying the refreshing products to those touching on celebrating every moment, especially with families. In this regard, the company has attained at social impact level that has helped to create a brand identity that cares for the people. To this

extend the company has also ensured that it participates in the various developmental initiatives that align to the wider country-specific and international goals.

For instance, as part of its CSR initiative, the company has initiated poverty alleviation campaigns in the poor districts of Nigeria, while in the US the company has been keen on promoting sportsmanship and healthy conscious fitness activities (Elmore, 2013). This is true in Nigeria as Coca-Cola sponsors sporting activities such as football tournaments between young people. The use of these methodologies has been effective in creating a robust engagement with the communities in which the company operates. The general perspective that this approach has helped to attain is the perception of the people-centred company aimed at improving the welfare of humanity rather than catering for the corporate interests of its main beneficiaries – the investors.

Also, in attaining a sustained leadership, the company uses a model that allows for the local managements in each country to develop mechanisms that integrate the local cultures of the countries they are operate from (Banks, 2016). In the US, for example, Coca-Cola uses the employment model and criteria that is apparent to the US customs which includes hourly waged payment approach and benefits as incentives for keeping workers (Banks, 2016). In Nigeria, the approaches used include the standard salaries for persons who are in the given job categories. Also, rather than using international managers, the company employs locals who are in charge of the operations within the country (Agwu and Taylor, 2014). This approach ensures that the people understand the business challenges and the business model fit that is apparent to the social customs of their country. That way, the sustainability of the company is assured as there is cost cutting methods, and continuity methods which are developed from internal promotional mechanisms.

On the international scale, the company makes use of the standard compliance mechanisms that apply to its standard supply chain procedures (Mazzei and Noble, 2017). This includes the use

of standard practices in sourcing, transportation, and sustainability measures. The company also ought to be keen on leveraging on its strengths which include the brand identity and established corporate structure.

Key Recommendations and Future Strategy

In order for Coca-Cola to succeed in the future, it has to make use of technology to fast-track market research and influence consumer behaviour in its favour in the two countries. While it is certain that the company has been attaining its mission through market segmentation, this is not enough as targeting approaches often increase the overall consumer reaction. With a vast market reach, and with an understanding of social dynamics of each market, an introduction of generic campaigns that stimulate market demand will be critical to long term sustainability. As both the US and Nigeria know the Coca-Cola brand, the company should pay less focus on the brand marketing but more on product promotion efforts to attain the supply chain objectives of a given marketing campaign. This will result in the disruption of the old order.

With regards to sustainability efforts, the CSR ought to be tailored to the communities from within or amongst their needs. Rather than developing general CSR strategies that blanket the markets – as it is the case in the US, a more localized approach as applied in Nigeria's Coca-Cola bottling efforts will be useful in initiating community change. That way, rather than having what appears to be a defensive CSR strategy in the US – especially on health issues, the company will seem to be acting out of good will to initiate sustainability.

Given the variation in the experiences of the two nations, it is advisable that Coca-Cola initiate cross-country relations where members of a given nation can learn on the supply chain experiences of the other nation. That way, comparative summative reports can be generated and used to inform some of the innovative actions in the supply chains of both nations. While there is

a standard supply chain approach in both countries, their effectiveness as well as application varies. This is mainly due to the technological and corporate approach policies that are specific to each nation. To this extend, it is worthwhile to consider value chain approach in the supply chain as one of the sustainability issues.

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