

Globalization: World as a Single Platform

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Abstract: This paper is going to discuss the Globalization, its merits and demerits. Since the inception of globalization, it has taken the concentration of all multinational companies and their strategic management and business expansion teams. All companies playing in different geographical boundaries have tried to harness the potential of globalization and still trying to make best use of it. In this paper, Globalization is explored by taking a case study of Coco-Cola Company, an American multinational beverage corporation and manufacturer, retailer and marketer of nonalcoholic drinks and syrups, based in Atlanta, Georgia. In this paper we will be discussing the challenges faced by a company while running in a global market, potential threats and scope of expansion, advantage and disadvantages of expanding the market beyond cultural and geographical boundaries.

Keywords: Globalization, expansion, Global trade strategy, Strategy.

I. INTRODUCTION

Globalization is the most sought term in business world where the physical boundaries loses their significance and market boundaries get stretched out. If we start looking around us, we can feel globalization in form of a Coco-Cola bottle in our hand to a small town Dominos Pizza. Globalization has increase the competitiveness in market and benefitted consumers in financial scenario as well as tied us culturally as well. Globalization has been defined in many patterns and terms but as per experts, Globalization can be defined as the speeding up and expansion of interdependence of economic and business activities across geographical boundaries. Globalization is not new, though. For thousands of years, people—and, later, corporations—have been buying from and selling to each other in lands at great distances, such as through the famed Silk Road across Central Asia that connected China and Europe during the Middle Ages. Likewise, for centuries, people and corporations have invested in enterprises in other countries. In fact, many of the features of the current wave of globalization are similar to those prevailing before the outbreak of the First World War in 1914. ut policy and technological developments of the past few decades have spurred increases in cross-border trade, investment, and migration so large that many observers believe the world has entered a qualitatively new phase in its economic development. Since 1950, for example, the volume of world trade has increased by 20 times, and from just 1997 to 1999 flows of foreign investment nearly doubled, from \$468 billion to \$827 billion. Distinguishing this current wave of globalization from earlier ones, author Thomas Friedman has said that today globalization is “farther, faster, cheaper, and deeper.”[1]

Globalization has both kinds of impacts, adverse and favorable. If we see the positive side of Globalization it has helped developing countries to establish themselves as a potential market space and it has helped them to grow them economically while on the reverse side if we see it has increased the competition for local business owners, culture and enterprises. Resistance to globalization has therefore taken shape both at a popular and at a governmental level as people and governments try to manage the flow of capital, labor, goods, and ideas that constitute the current wave of globalization. There are few advantages and disadvantages listed down below [2]:

Advantages of Global Marketing:

- **Global Scope:** increased market boundaries
- **Brand image Consistency:** companies establish themselves as one brand throughout the world and establish their name for their specific range of products.
- **Quick and Efficient Use of Ideas:** Multiple exchange and implementation of ideas to make the business smoother

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- **Uniformity in Business Practices:** Following a single business policy throughout the world brings uniformity in company's product and brand image.
- Increased liquidity of capital allowing sponsors in developed nations to invest in developing nations for mutual growth
- Increased flow of communications allows vital information to be shared between individuals and corporations around the world
- Greater ease and speed of transportation for goods and people
- Reduction of cultural barriers increases the global village effect
- Spread of democratic ideals to developed nations
- Greater interdependence of nation-states
- Reduction of likelihood of war between developed nations
- Increases in environmental protection in developed nations

Disadvantages of Global Marketing:

- **Inconsistency in Consumer necessities:** every consumer spread across the globe will have his own needs and company should be able to cater that.
- **Consumer Response Inconsistency:** There can be difference in opinion of one consumer to another so a thorough market study required before launch of product.
- **The Laws of the Land Have to be followed:** Original company policies may be according to the laws of home countries. The overseas laws may be conflicting in these policies.
- **Infrastructural Differences:** Infrastructure may be hampering the process in one country and accelerating in another. Global strategy cannot be consistent in such a scenario.
- Economic depression in one country can trigger adverse reaction across the globe.

II. COCO-COLA COMPANY: A CASE STUDY

The Coca-Cola Company is the world's largest beverage company, refreshing consumers with more than 500 sparkling and still brands. Led by Coca-Cola, one of the world's most valuable and recognizable brands, Company's portfolio features 17 billion-dollar brands including Diet Coke, Fanta, Sprite, Coca-Cola Zero, vitaminwater, Powerade, Minute Maid, Simply, Georgia and Del Valle. Globally, it is No. 1 provider of sparkling beverages, ready-to-drink coffees, and juices and juice drinks. Through the world's largest beverage distribution system, consumers in more than 200 countries enjoy their beverages at a rate of 1.9 billion servings a day. [3]

Coco-Cola and globalization:

Studies show that the brand enjoys the highest name recognition in the world. The Coca-Cola Company ranked 89th on the Fortune 500 list for 2006 (up three slots from 2005), with roughly 23 billion U.S. dollars in revenue and 5 billion in profit. The company, which first sold trademark registered Coke in the United States in 1886, relied on international markets for 73% of its gallon volume in 2005. At 29.4% of the total, net operating revenue was highest for the European Union in the same year, followed by North America with 28.4%, and 19.5% for North Asia, Eurasia, and the Middle East (combined).[4] Today, Coca-Cola is one of most well-known brands in the world. At present, over 70% of Coca Cola's business income is generated from non-US sources (Coca-Cola Company, 2012). In over a century, Coca-Cola has grown the company into a multi-million dollar business. [4][5]

Coca-Cola's from Atlanta to Global platform:

Coca-Cola started in 1880's by John Pemberton as a leader in beverage market space soon become a brand known for its Quality and standards. It established itself as a brand and started supplying the packaged products. Standardization was the base for global expansion, with a theme that same taste with same product throughout the world. Coco-Cola spread its base in Cuba and Panama in 1906's through its bottling plant and same strategy it adopted for Hawaii, Puerto Rico, and

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the Philippines. Soon its strategy becomes the phenomenal success story for its growth and expansion. By 1930 Coca-Cola was packaged in 27 countries across the globe. By 1959, it was operating in more than 100 countries

Key strategies adopted by Coco-Cola to expand globally:

1. Global Marketing Strategy: strengthened with the slogans, songs to make an impact on the consumers and leave a memory for the product, Coco-Cola marketing was a huge success. Coco-Cola started sponsoring international games like International Federation of Association Football (FIFA), National Hockey League (NHL), National Basketball Association (NBA) and even Olympics to leave an impression to the consumers.
2. Understanding the Global need: Coco-Cola molded itself in every shape in order to attract consumers from all the strata of society. For health conscious it offered products like Diet Coke, Vitamin Water and for younger consumer offered PowerAde and flavored Coke products.
3. Packaging differentiation has also played a key role in how adaptable the Coca-Cola product is to various market segments. Functional packaging has been used to make the products available in different sizes and forms, including glass and plastic bottles, aluminum cans, and fountain drink dispensers.[4]
4. Technology has obviously played a crucial role in establishing Coca-Colaa world leader in beverage market. Product transportation, computerization, Information availability.

Challenges and scope for Coco-Cola Company in Globalized Market:

Coco-Cola has been facing huge challenges in countries like Cuba and North Korea due to stiff business relation with USA. In China, It re-entered market after 10 years of negotiations in 1979. According to reports on BBC website [6] Iran's president Mahmoud Ahmadinejad has threatened to ban Coca-Cola and Venezuela's Hugo Chavez recently urged people to drink locally-made fruit juice rather than drink Coca-Cola or Pepsi. But 126 years after its birth, Coca-Cola is still pushing forward in terms of sales, with strong growth - especially, it says, in the emerging markets of India, China and Brazil.

III. SUMMARY

Globalization has its pros and cons and it has more positive impact in bringing the countries together to make a single platform for business competition resulting in quality and efficiency of companies running across the globe. It has made us culturally & economically interdependent.

About the Author:

Dhirendra Mishra is graduated in Technology in Electronics and Communications Engineering and accomplished his Master's degree in Software system from Birla Institute of Technology and Science, Pilani and presently working with a multinational Company in telecom domain. His interest areas are Cloud computing, Network Science and International Business, Brain Drain and Globalization.

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