

Introduction to case/Problem

There has been a great competition between refreshment drinks in Indian market. Coca-Cola is the world's largest and first soft drink manufacturer. As part of the Globalization program, India has made it easy for multinational companies to enter the Indian market. Globalization has made the whole world into one market by reducing the trade barriers and minimizing the risk. It is noticeable that many multinational companies had failed in Indian market. This failure is mainly due to improper knowledge about the country and the national culture. It is very important to know about the people and their consuming behaviour. Culture plays an important role in consuming behaviour. Coca-Cola is mainly associated to the issues related to the brand, reputation and Corporate Social Responsibility (CSR). Present situation of the country is favourable for multinational companies to start their business in India. As we had already seen that Coca-Cola is the largest selling soft drink in the world, they do have direct opportunities in the Indian market. Even though it is facing some social problem in India, Coca-Cola has got good market in India.

Coca-Cola should give more importance for the culture of the people because culture is a major element which decides the consumer behaviour and purchasing patterns. It is clear that, uncertainty avoidance in India is less and people are not so flexible to adopt the sudden changes. In India uncertainty avoidance is indexed at 50, which shows that people are sensitive and emotional towards exploitation and invasions from other people or culture; so that before entering to the Indian market, it would be a good strategy to avoid such issues by planning the re-entry as a step by step process

1. Environmental issues

The company has been criticised on a number of environmental issues. An issue with pesticides in groundwater in 2003 led to problems for the company when an Indian NGO, Centre for Science and Environment, announced that it had found cancer causing chemicals in Coca-Cola as well as other soft drinks produced by the company, at levels 30 times that considered safe by the European Economic Commission. This caused an 11 percent drop in Indian Coca-Cola sales.

ANALYSIS OF THE SITUATION

The present situation can be analyzed by SWOT analysis which clearly shows the strengths, weaknesses, opportunities and threats which the client is envisaged to meet. India is a country where the cultural diversity and linguistic differences make it difficult to identify how the company is going to be traded while they enter the Indian market. Indians are those who give more value to trust, value, quality and so on. Therefore, it is very important that they should give importance for Price, Quality and Quantity; which means, Indian consumers have more purchasing power for products like high level of quality with less price; therefore, it is clearly states that the company should not entertain any price quality trade-offs in Indian market.

The below section explains the SWOT analysis of the company.

4.1. STRENGTH

- Bottling system
- Technological advancement
- Efficient management system
- Good marketing knowledge

4.2. WEEKNESS

- Lack of knowledge about Indian culture in detail
- Uncertainty avoidance
- Lack of marketing expertise in the Indian conditions
- Hazardous by products and health issues
- Facing issues with water exploitation and resource exploitation all over the world

4.3. OPPORTUNITIES

- Huge market
- Growing Indian market
- International trade barriers has been reduced
- Youngsters' tendency to adapt to the western culture

4.4. THREATS

- Threat of substitutes
- Health consciousness of Indian consumers
- Cultural habits
- Price war
- Unstable political condition
- Uncertainty avoidance
- Difference in management styles
- Indian tendency to avoid foreign product