

# ***The Degree and Generation of Localization in Marketing: An Empirical Study Based on Coca-Cola's Localization Strategy***

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**Abstract:** In a world where development is no longer limited by geography, globalization has become the slogan and goal of many companies. However, not many have noticed that companies that have achieved international sales, such as Coca-Cola, have adopted a localization strategy. This study aspires to examine the existing cases of localization in the market, how localization is implemented, and the impact of implementing localization, from both macro and micro perspectives. This paper identifies the marketing strategies used by the multinational beverage company Coca-Cola through an analysis of its advertising in China in the process of achieving global sales. Based on the marketing mix, this paper analyzes and compares countries with vastly different degrees of localization to determine the decisive factors for using localization strategies in the four areas of product, price, promotion, and place. Current marketing research on the success of Coca-Cola is still narrow, with studies limited to how marketing success is accomplished in a specific location but does not identify the underlying strategy that had led to such success, localization. Meanwhile, the market lacks practical guidance on localization strategies due to inadequate research and this study fills these currently identified limitations.

**Keywords:** globalization, localization, marketing, economic geography

## **1. Introduction**

Today, global connections are increasing and countries are becoming politically and economically interdependent. In the 21st century, various technologies have experienced exponential development, leading to an increasing diversity of advertising forms and channels. These changes are even more pronounced in China, where a market economy was established after 1978. People's daily shopping choices are becoming more widespread, and products from other countries are becoming more popular and common. The commercial success of Coca-Cola's return to China after a 30-year absence is particularly notable, and its marketing strategies and advertising plans are worthy of consideration. It was observed that Coca-Cola, as an American brand, has become an integral part of Chinese people's lives, while the advertisements and promotions released are closely aligned with the local Chinese culture. This revealed that the globalization of Coca-Cola was

accomplished through localization strategies. There are currently two major theoretical schools of thought in marketing for international markets, globalization, and localization. The essence of "localization" is that multinational companies integrate production, marketing, management, and personnel into the host economy in a comprehensive manner, generally through a comprehensive survey, understanding of the actual economic, cultural, and living customs of the local situation and a series of integration adjustments. On the other hand, the essence of internationalization is to take the initiative in international competition and gain a competitive advantage with a highly integrated image and strength, centering on the home country [1]. Globalization and localization are often miss used, and the distinction between the two strategies is subtle but highly important. Globalization means that a product has the "potential" to be used anywhere; localization is an additional feature added to make it more suitable for use in a "specific" place. However, because the concept of globalization has a long history and more research has been done on this strategy, there is still a lack of research on localization in the field of marketing. This lack is reflected in the fact that the analysis of Coca-Cola is limited case study of the success in different countries, but not a conclusion was drawn as to which strategy was adopted to accomplish such success. Many studies do not guide companies when choosing to localize or globalize, nor do they analyze what international marketing strategies are appropriate under specific conditions. This study seeks to analyze the history of Coca-Cola in China and the evolution of its marketing strategy to anatomize the core concepts of localization and to provide substantive guidance to managers when deciding between globalization and localization, as well as deciding under what conditions can localization be implemented.

This study uses a case study to examine the history of Coca-Cola's development in China and the evolution of its advertising and marketing to determine whether the essential strategy behind Coca-Cola's global sales success is localization. By analyzing the three representative advertisements released by Coca-Cola in China, the first poster advertisement, the first video advertisement after its return to China, and the first New Year advertisement, this study can conclude that Coca-Cola's marketing philosophy in China reflects a process of complete localization, from the promotion of Western popular culture at the beginning to the gradual adoption of Chinese popular culture. In addition, based on the marketing mix model, this study summarizes the determinants of localization in terms of product, price, promotion, and place by comparing Coca-Cola in two countries where the degree of localization is far from the same, to draw the conditions for localization. After determining the determinants, a secondary validation process was added to this study. The determinants were placed in the context of the previous development history of Coca-Cola in China to see if these determinants existed. The determinants of localization derived from this study will be more credible by using real cases in the Chinese market that have occurred in the past and are confirmed to be accomplishing localization as verification. The case of Coca-Cola can also be used as a guideline for how to achieve localization. Through this research method, this study can ultimately conclude the conditions for the application of localization, how to achieve localization, and the impact and consequences of localization application, thus making up for the lack of understanding of Coca-Cola's marketing success in the field of marketing, the lack of the concept of localization, and the lack of guidance for managers in choosing whether to localize or not.

## **2. Analysis of Coca-Cola's Significant Advertisement in China**

### **2.1. The 1930s – First Poster Advertisement in China**

In the 1930s, the wind of Western thinking was blowing in China, and girls began to seek progress and dress up in Western style, and Western-style perms hair became highly popular in Shanghai. The 'Shanghai woman' style swept across China, and girls began to take the 'urban girl style', and

began to pursue a more modern metropolitan life. At that time, the popular hair and makeup highlighted the characteristics of women, focusing on the feminine and slightly flirtatious qualities of women – the hair is still black and coiled in the back of the head, with thin bangs in front of the forehead and feminine sideburns around the ears, and the makeup emphasis is on the eyes and lips [2].



Figure 1: Coca-Cola advertisement 1936 (Source: National Museum of American History, 2014).

Coca-Cola's first advertisement in China effectively responded to the fashionable culture of the time in Shanghai, which appears to be pursuing localization, but the advertisement includes elements that were more in line with Western culture. Although the character in the advertisement was the famous Chinese actress, Ruan Lingyu, all the elements except her appearance and clothing were influenced by Western culture or itself is an American fashionable item in figure 1 [3]. Ruan Lingyu was wearing the traditional Chinese dress cheongsam, but her perm hair and makeup were the style of 'Shanghai woman' which was formed after receiving the influence of Western culture at that time, rather than the Chinese style, it is more like Western culture entering China. Besides, the high-heeled sandals on her feet were not traditional Chinese items, they were introduced into China from abroad. The glass goblets on the table beside her and in her hands, instead of Chinese tea bowls made of ceramics, and the traditional Western-style appetizers such as cheese and olives on the plate, all reflect that Coca-Cola's advertisement appears to be in line with Chinese culture, but it did not. By promoting Western culture as more popular and fashionable as the underlying tone, the whole advertisement delivered a message to the audience at the time that because Coca-Cola came from abroad, it represented a more fashionable trend, and drinking Coca-Cola was a fashionable behavior, thus attracting Chinese consumers to buy it. The above analysis shows that Coca-Cola's first commercial in China was essentially an international advertisement marketing Western culture, although it included some local elements, it was not a truly localized advertisement.

## 2.2. 1986 – First Video Advertisement in China

In 1986, The British Broadcasting Corporation (BBC) made a documentary film regarding the Queen of England's first visit to China. CCTV wanted to buy the broadcast rights and approached Coca-Cola to sponsor the film for \$200,000 on the condition that Coca-Cola's commercials would be broadcast before and after the film. Although \$200,000 was an astronomical price at the time, the

political background at that time in China resulted in an unprecedented opportunity for Coca-Cola [4].



Figure 2: Coca-Cola first video advertisement on CCTV (Source: Coca-Cola China, 1986).



Figure 3: People riding bicycles in the 1980s in China (Source: Coca-Cola China, 1986).

This video advertisement, compared to the poster released in the 1930s, this advertisement contained more elements that resonate with Chinese culture and the daily lives of the people at the time [5]. This video shows many representative Chinese elements, one of which is the Chinese school uniform and the red scarf element in figure 2. Due to its almost nationwide uniform design and its highly commonly worn among students, the traditional image of Chinese students is that of a sportswear-like school uniform with a red scarf. It is not common outside of China to have a school-organized group exercise program like morning exercises at the same time. This sport also represents and reflects the local characteristics of China.

This Coca-Cola video advertisement reflects a lot of 1980s China and the everyday lives of people. In the 1980s, the standard of living of Chinese people improved significantly. The radio, sewing machine, watch, and bicycle, known as the "four major items" at that time, were representative objects reflecting people's living standards. The Coca-Cola commercials also include items that represent the 80s and the era, such as the people pedaling bicycles in the first scene of the video which can be seen in figure 3, consequently so that Chinese audiences and consumers can better relate to this American brand and reduce their xenophobia towards Coca-Cola.



Figure 4: Works standing at the Seaport (Source: Coca-Cola China, 1986).



Figure 5: Bride wearing a white wedding dress (Source: Coca-Cola China, 1986).



Figure 6: Young girls perm their hair while drinking Coca-Cola (Source: Coca-Cola China, 1986).

Although Coca-Cola includes many local Chinese elements in this advertisement, it also has many scenes promoting Western trends. Examples include the worker standing at the seaport transporting imported goods from abroad in figure 4, the bride wearing a Western white wedding dress instead of a traditional red gown at her wedding in figure 5, and the young girl drinking Coca-Cola while getting her hair permed with a perm machine imported from abroad in figure 5.

By analyzing as well as comparing the two advertisements released in the 1930s and 1986, Coca-Cola's advertisement contains more localized characters, social context, historical background, and traditional Chinese culture, which also documents the history of Coca-Cola's advertising localization in China.

### 2.3. 2017 – First Chinese New Year Advertisement

Coca-Cola officially released its first Chinese New Year ad in 2016 [6], which also marked an important milestone in Coca-Cola's development in China - achieving full localization. While Western cultural influences such as perm machine, white wedding dresses, and import harbors can still be seen in Coca-Cola's 1986 campaign, the New Year's Eve campaign is all about Chinese culture.



Figure 7: Fuwa Characters (Source: Coca-Cola, 2016).



The characters that appear in the commercial represent Chinese culture. The images of the Fuwa are designed in the image of traditional Chinese fairy tale characters in figure 7, from the hairstyle, clothing, and colors, all in a very traditional Chinese style. For example, the little girl's hair buns are tied with red ribbons, such as the Tang costumes they wear, and the embroidered gold patterns. These cultural references and details are something only Chinese people can understand and notice, fully reflecting the complete localization of Coca-Cola.

Red is used extensively in the ads, such as red lanterns, door couplings, Chinese knots, and the clothes of the Fuwa children. Red is also a very iconic color for Coca-Cola. The red color ties every image of the commercial together, and it also ties in the warmth of the Chinese New Year and the emotions of the consumers, and it perfectly integrates the image of Coca-Cola into the Chinese people's sentiment of the traditional festival of Chinese New Year, making Coca-Cola a part of Chinese culture instead of a foreign brand.

The development process of Coca-Cola's complete localization can be traced by analyzing Coca-Cola's development from the 1930s, when it began to advertise heavily in Western culture, to its gradual integration into Chinese culture and its launch in 2016 to use exclusively cultural elements that resonate with Chinese consumers. Coca-Cola has achieved a strong connection to Chinese culture in terms of content, images, characters, and the meaning behind these common advertising techniques that no one other than Chinese consumers can have, reflecting the fact that Coca-Cola has almost become a Chinese brand. However, a phenomenon that fostered a great question was observed: Why was Coca-Cola completely localized in some countries but not others?

### 3. Analysis of Localization Determinants Using the Marketing Mix Theory

The marketing mix theory (4Ps) is summarized as a combination of four basic strategies, namely Product, Price, Promotion, and Place. This model somewhat responds to how some variables affect market demand and sales index. This marketing model is a study of marketing from the management decision-maker's point of view and classifies the various factors that affect a company's marketing campaigns into two categories. One is the uncontrollable factors, i.e., the marketing environment that outstrips the marketer's control, including the micro-environment and macro-environment. The second is controllable factors, i.e., products, prices, promotions, and channels, that the marketers themselves can control [7]. Therefore, the 4Ps are controllable factors that can help us analyze the effects of localization and differentiation strategies in different regions.

In this analysis, Coca-Cola's marketing in Japan and Trinidad and Tobago will be analyzed to summarize the reasons for the different degrees of differentiated marketing strategies. The first analysis will be conducted in terms of the "Place". Trinidad and Tobago is an island nation in Central America, with a population of about 1.21 million people. Its geographical proximity gives it an origin of contact and influence with the United States. For a long time before that, the island nation was occupied by British colonists until the arrival of American troops during World War II and the establishment of hundreds of military bases there. In 1939, Coca-Cola was also imported to the island nation with the arrival of the Americans. In contrast to the ruthless and hierarchical British colonial authorities, American soldiers were seen as highly egalitarian and lenient, especially the active role of African-American soldiers in assisting local educational institutions in Trinidad. Given the ideological imperatives of the subsequent independence movement from Britain, Trinidad and Tobago is remembered more for the positive role the United States brought to the region if compared to the original suzerain power, Britain [8]. In any case, however, Coke's sales there are focused on a combination of globalization and localization, in terms of its identity and the influence and impression of the United States in that country.

On the other side of the globe, Japan has long been one of Coca-Cola's fastest-growing and most creative markets. Japan, the third largest economy after the United States and China, is one of Coca-

Cola's top three markets. Japan is known for its futuristic culture, where Japanese innovation drives forward-thinking companies and individuals to develop new products with a sense of urgency. Both cultural and market factors have forced Coca-Cola Japan to innovate and keep up with the market needs and consumer trends [9]. In addition, Japan's unique culture and relatively exclusive market climate have made Coca-Cola's success particularly remarkable. Coca-Cola got its start in Japan much earlier than in China.

The second aspect is the "Product" analysis. Rum, a local specialty of Trinidad and Tobago, and Coke, a beverage brought from the United States, have since served as the primary beverage for most Trinidadians. This ensured a local market for Coke while giving it a local nationalist embrace in this combination. Notably, Coca-Cola's representatives in Trinidad often exhibit polarization about the best marketing strategy to pursue, even choosing between opposing possibilities, such as emphasizing an American origin or local Trinidadian identity [8]. Although Coca-Cola has made some local surveys, it is clear that Trinidad and Tobago's market potential and consumer population cannot be compared to Japan's. The production lines are often distributed to local companies for production, packaging, and shipping. The simplification of these procedures makes it seem less necessary for Coca-Cola to rapidly innovate products or invest more capital to retain local customers or achieve several times more revenue.

But the strengths and weaknesses of sales in Japan, a developed country with a population of 126 million, are observable from a macro perspective and are pivotal to Coca-Cola's market share in the Asia-Pacific market. Brands such as Georgia Coffee, Aquarius, I LOHAS, and AYATAKA may not be well known in China where the localization is quite successful today. However, these are all brands that Coca-Cola launched in Japan and have played an important role in Coca-Cola's overall sales. The extent of localization is evident in the fact that the Japanese market contributes to four of these brands with over \$1 billion in global revenue [10]. The constant innovation in the composition and variety of drinks from these brands has greatly enriched consumer choice, which is no longer limited to black carbonated beverages. These innovations are not solely reflected in the different types of drinks. Coca-Cola also continues to connect with elements of Japanese culture, traditions, festivals, and regions to introduce limited flavors and packaging. For example, regions like Hokkaido and Okinawa, which are different from mainstream Japanese culture, have limited packaging and flavors. In addition, to the popular element of cherry blossoms as one of the symbols of Japan, Coca-Cola also has unique packaging in spring to echo the cherry blossom viewing to promote. The effort and cost of Coca-Cola in Japan are undoubtedly significant, but double the revenue to cover the expenses.

In terms of the "Promotion", there seems to be some intermediary between Coca-Cola and the locals. Since Coca-Cola typically operates as a franchise, its localization as a business is achieved through the selection of local bottling plants and partnerships. In Trinidad and Tobago, Coca-Cola often tries to emphasize its connection to this country by sponsoring numerous small regional events or organizations [8]. However, such a chain is single and subtle, and any in-depth localization strategy will probably have little effect because of the gap between volumes.

On the other hand, in Japan, many social hotspots and current situations are breakthrough points for product promotion. In Japan, the connection between beverage choices and everyday occasions is more deeply rooted and segmented than in the Western world, so Coca-Cola Japan wanted to provide an exclusive product for every time of day. For example, after its launch in 1975, Georgia Coffee was known as the 10 a.m. break drink, and the slightly sweetened coffee-milk combination became the ideal on-the-go drink for busy Japanese office workers. In addition, tea is popular in Japan, accounting for about 27 percent of the country's beverage business in 2016 [9]. As with Japanese drinking habits, the tea category itself is highly segmented. Different beverages such as green tea and black tea have given Coca-Cola room to improve and innovate locally.

In terms of the "People", Coca-Cola's situation in Trinidad and Tobago is described as a premium beverage. In some extreme circumstances, local ethnic groups may even argue about who is more capable of simply imitating the tastes and customs of the white man and becoming what is known locally as "Afro-Saxons". Coca-Cola, therefore, is portrayed as a "white-oriented drink" [8]. Compared to Japan, it is interesting to note that consumers in Trinidad and Tobago appear to be slightly more passive than consumers in Japan. For example, the shift in Coca-Cola's local sales from sugar to sugar-free is probably due to a decision by Coca-Cola to support cosmopolitanism and a healthier prescription rather than to consumers' demanding beverage choices there.

Another fast-growing trend in Japan is beverages with added benefits. Aging is a particularly prominent issue in Japan, and beverages with enhanced features such as fat control and blood sugar regulation are growing in popularity among this aging population. At the same time, Coca-Cola Japan's health-focused beverages are not only aimed at older consumers. Health is also appealing to younger people. In 2014, a study found that Tokyo was the world's most sleep-deprived major city. Two years later, Coca-Cola Japan launched the Glaceau. It is a night-time drink containing theanine, an amino acid first found in green tea that is assumed to reduce anxiety and improve sleep. In a country known for its long hours and competitive spirit, a product with sleep-inducing effects could meet an urgent need for hard-working professionals [10]. This dynamic and vast market has undoubtedly contributed to the extent of Coca-Cola's localization in Japan.

#### **4. Complete Localization: Application Conditions, How to Apply, and Impact of Application**

Through the previous analysis of Coca-Cola advertising and the determinants of localization, this study summarizes the applicable conditions for complete localization, how to achieve complete localization, and the implications of complete localization to address the lack of substantive and practical guidance on localization strategies in current marketing studies.

##### **4.1. Application Conditions**

While Coca-Cola's global market placement has taken the localization concept into account, the question that arises is the significant difference in the degree of localization of their operations in each country. Recalling Coca-Cola's sales in China and Japan, there is no doubt that Coca-Cola has developed its localization strategy to the utmost, i.e., complete localization, in the countries provided in these two cases. Coca-Cola's sales in Trinidad and Tobago, on the other hand, while reflecting a degree of localization, could not match the degree of these two populous and exotic East Asian countries.

Thus, two aspects ultimately condition Coca-Cola's localization strategy in different countries and regions as one of the representative food industry multinationals. The macro factors are the first aspect determining the necessity of running a localization strategy for multinational companies. First, whether the food culture is distinctly independent is a crucial consideration for food companies. For example, American fast food had become popular since the beginning of the 20th century when the Western world entered the industrial age one after another due to factors such as the ability to cook in large quantities, low cost and short preparation time, and the fast-food restaurants everywhere have become the symbol of Western food culture, and the combination of Coke and Western fast food was a very early and successful attempt. China and Japan, on the other hand, have localized dietary structures, dining habits, and consumption characteristics, and the promotion of this carbonated beverage in China suffered a setback 100 years ago. One of the reasons was the lack of organic integration with the local food culture and environment. The second aspects are the characteristics and potential of economic development, both in terms of the impact



of the opening of Shanghai 100 years ago and the commercial value of the modern Chinese market, which was established as a market economy in 1978. Like the image of the function  $y=\sqrt{x}$ , whoever has the first opportunity in this industry will have the largest percentage of the profit and market share base. As the most populous country in the world, massive consumer behavior certainly has a huge impact on a company. The potential volume of China all but predestines Coca-Cola to take a fully localized route in the country. Third, there is a certain amount of public and official concern and uncertainty about foreign capital in China, which gradually emerged from its isolated state more than 100 years ago and in socialist China after the reform and opening-up. To conquer this relatively blank and exclusive market, Coca-Cola had to gradually "deposit" and actively pursue a relatively stable and lasting localization route, to minimize the impact of the public's dynamic impressions of foreign politics, culture, and business at different times on brand sales.

The second aspect is the micro-factor that determines the degree of localization. The location theory of spatial economy in economic geography provides a way of dealing with the location of economic activities. A normative model of business and industry in a world of pure competition assumes that decision-makers are rational and attempt to maximize profits with perfect knowledge of the cost considerations of all locations. After the end of the Cold War and the rapid development of technology represented by the Internet, human beings have moved towards the modern globalization of capital in a real sense. Localization can also be seen as a concept derived from globalization. As conditions permit, perhaps Coca-Cola will localize in every country and region in the distant future. However, in the early stages of modern globalization, multinational companies will prioritize the development of those markets with the greatest potential to maximize benefits given the limited time and cost.

#### 4.2. How to Apply Complete Localization Using China as an Example

The process of achieving full localization can be achieved sequentially according to the business process, from procurement to production to sales. Coca-Cola has implemented and demonstrated each stage of full localization in the history of its development in China, and also provides a very important reference for other companies to achieve full localization in the future.

The first and most important stage of complete localization is to establish a complete production chain in the local country, including finding local suppliers of raw materials, building factories, and hiring employees to ensure a stable supply of products in the local country independent from the home country. For example, Coca-Cola tried to establish a factory in Shanghai as early as 1927, and the first thing it did before returning to the Chinese market was to establish its production in Beijing, allowing it to complete its products in China independently of its head office in the United States.

In the process of completing production, in addition to ensuring that the production line is fully localized and implemented, the company also needs to fully understand and establish a friendly relationship with the local stakeholders to ensure that the brand does not create a bad reputation in the local country and lead to xenophobia in the local market. For example, in 1978, Coca-Cola reached an agreement with COFCO to sell its products to China and started production at a COFCO plant in 1979 [11], and later established Hope Primary School in China, etc., all these efforts were made to build and improve the impression of the brand among the stakeholders in the local market, thus forming a good brand reputation.

After completing the production of the product, the next step for the company is to sell the product. If the company cannot sell its product in the local market, the completion of its production is merely off-shoring. To enhance your company's sales in the local market, partnering with a local market distributor or retailer is a quick way for new international companies entering the market to establish and develop distribution channels. Coke produced by Coca-Cola's Beijing Wulidian plant was originally supplied only to tourist hotels. 1982, with the consent of the Ministry of Commerce,

the surplus product after supply was allowed to be systematically put on the market in Beijing by the Beijing Sugar, Tobacco, and Liquor Company. It was then that Coca-Cola had a stable marketing channel in China, paving the way for its future expansion of sales channels and sales growth.

After the production and sales are completed, the company needs a continuous and stable marketing campaign for the product and the company. One of the most significant stages of complete localization is the marketing of the localization of the company's image. In the present highly developed and globalized era, culture is no longer more fashionable or superior, marketing the culture underlying the product or company as a pursuit of fashion to increase sales is highly impossible. Rather than promoting culture and fashion trends from foreign countries, incorporating and reflecting local social hotspots and trends is more likely to connect with consumers in the local market. Although Coca-Cola was once sought after by many consumers when it represented modern Western culture, as the economy and technology develop, 'Western culture is no longer synonymous with being more fashionable in the Chinese market, and such marketing no longer appeals to consumers. In response to the changing times and consumer preferences, Coca-Cola has also started to match the social hot spots of the Chinese market, such as the special packaging for the 2008 Olympics [12].

Finally, a very important stage of complete localization is the establishment of an independent company in the local country. Independent development includes company growth, acquisitions, and all day-to-day operations of an independent company. The essence of complete localization is to turn a foreign company into a completely local company. Companies that want to achieve complete localization need to adjust their positioning and perception of the company. For example, in the case of Coca-Cola's localization in China, the company needs to position and benchmark itself as a Chinese beverage manufacturer, instead of a U.S beverage manufacturer.

### 4.3. Impacts of Complete Localization

Overall, reviewing Coca-Cola's operations in China, complete localization has two implications and enlightening significance for marketing research. On a macro level, complete localization is an evolution of business models in the context and trend of globalization and has meaningful implications for future marketing programs in various industries. The shift of production locations is a natural result of globalization and the emphasis on a free market economy in a neoliberal era. However, unlike the sweatshop phenomenon dominated by some multinational corporations, this model avoids the exploitation of cheap labor and resources in the Global South by developed countries and provides many jobs and opportunities to benefit local distributorships. However, it is predictable that achieving complete localization will require a long journey for companies with the strength to achieve it, and not all of them are equipped to do so.

From a micro point of view, as mentioned earlier, the faster complete localization is achieved, the more market shares the company will be able to capture and compete with other international companies and even local brands. Although local brands' living spaces may indeed be impacted, this is due to the law of free market development of capitalism. The lack of advanced, diverse, and resilient marketing strategies will eventually become the main cause of the brands' failures, regardless of their national borders.

## 5. Conclusion

Overall, the in-depth reviews of historical records, literature, news coverage, etc., in different countries over time prove the validity and foresight of Coca-Cola's distinctive localization strategy and provide an accessible direction for multinational companies to achieve glocalization.

Coca-Cola's expansion strategy in countries such as China and Japan qualifies as complete localization. According to the research, companies with the capability to achieve complete localization generally have five characteristics that can endure the test of time.

First, their capital must be able to support the cost of establishing a complete production chain locally. This often includes convenient access to and transportation of raw materials, build-up of local factories, etc. Second, the company needs to perceive the local context and interest system while establishing a timely rapport with all stakeholders, including state-owned enterprises, pop icons, civilian heroes, and even the public in a broad sense. Third, as a representative of fast-moving consumer goods, gradually expanding stable distribution channels is the best choice to ensure scope maximization and gain loyal customers over time. Fourth, social hot spots and trends are potential weathervanes for product sales. Companies that detect these can unwittingly penetrate the lives of consumers. Fifth, the foundation of an independently operating development company in the local area allows more flexibility in decision-making to acquisition and creation.

Lastly, the findings of this study can be applied to the food industry, such as explaining KFC's success overseas. However, there are still uncertainties as to whether they can be extended to other types of industries and businesses. Furthermore, the case of China in this research is an exclusive delayed transitional economic development, which is exceptional in the world. The researchers wonder to what extent these applications will work for other societies, even though the theory and direction will undoubtedly be very enlightening.

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