

The Relationship Between Culture and Entrepreneurship

“Research of Coca-Cola’s development & strategy in Mainland China Market”

Haoyan Jin^{1, †}, Fengyi Ren^{2, †}, Hanqiu Zhong^{3, *, †}

¹Chongqing No.1 Secondary School, Chongqing, P.R.China

²Beijing Bayi High School, Beijing, P.R.China

³Palm Valley School, Palm Desert, California, United States of America

*Corresponding Author: E-mail: hzhong@student.pvs.org

†These authors contributed equally.

ABSTRACT

This research is based on the situation of international trade. Since more and more transnational corporations expand businesses worldwide step by step, our research group are getting more and more interested in the situation of obstacles and drawbacks when transnational companies plan to enter a new market in a new country. Moreover, in order to solve these existed barriers and obstacles, how these companies come out with their own solutions so they could survive. We find that localization is one of the probable and feasible solutions, so we are trying to figure out those solutions using the strategy of localization. We will tackle this research in the vision of a specific transnational company called Coca-Cola and find out what kind of strategy Coca-Cola company used in the Chinese (mainland) market. We will start in several places—advertisements, design, traditional culture, and total outcomes. We searched different data, essays, advertisements, and designs that contained Chinese styles. Our research results may contribute to those companies who want to expand their businesses overseas and give some advice to those companies who want to enter the Chinese market. Moreover, it will be very helpful for new start-ups, giving them a way of development and assist them in framing their own future strategies and goals. We can really learn much through researching the Coca-Cola company, like how to take advantage of local people, praise locals’ flavours, and make different products and strategies in different areas. To sum up, this research will help people know how transnational companies work and profit through globalization.

Keywords: *Coca-Cola, Chinese Market, strategy, traditional culture, annual profit, global commerce*

1. INTRODUCTION

With the development of entrepreneurship, more and more people have started to expand or create a multinational businesses. While being excited about the new adventure, people find that there are a lot of constraints that entrepreneurs would face when they start a business. One of them in the social environment is cultural factors. Some entrepreneurs take advantage of cultural factors to succeed, while others find them difficult to deal with. Studying this phenomenon, economists begin to find factors that affect multinational companies. A question is raised with great public attention--What is a multinational business’s key success factor caused by cultural factors? Research is conducted to explain the relationship between culture and entrepreneurship in terms of

language and translation in China.

Coca Cola company is one of the typical international enterprises in the world. In the Chinese market, its name recognition is largely contributed by its name translation in Chinese. The rest of the paper will explain how culture factors impact Coca Cola company in terms of language. In this context, culture factors refer to traditions, beliefs, language held in common by a country. Another broad concept, entrepreneurship, refers to how individuals/groups find opportunities to create wealth.

The research is important and worthy for the following reasons. First of all, the case study is really specific and clear. By using the well-known company as the research subject, readers could understand the result and concept better. Additionally, it would primarily help

people who want to start a multi-national business, providing a closer investigation about theory related to the research question. Finally, other researchers could get inspiration from my research for future investigation.

2. RESEARCH DESIGN AND METHOD

This is a qualitative research which contains a case study as the main method for the research topic. The research is mainly based on concepts and theory related to the question: what cultural factors lead to the success or failure of the multi-national business? Although the data source is mostly from documents and records, grounded theories will be well-explained—secondary authority data from previous research help base the evidence for the research conclusion. In addition, content analysis and narrative analysis will be used to provide details of explanation and concepts.

Around the world, there are a lot of examples of enterprises that are benefited from cultural factors, but we will mainly focus on multi-national enterprises in China as a research subject to the narrow down research question and put the possible connection of cultural factors into a real and familiar situation. Inconsistencies would be found by comparing case studies about enterprises that benefit from cultural factors (e.g. Coca-Cola's name translation in the Chinese market) and that are restricted by cultural factors (costumers' different preferences in different countries). The differences are the key to the research question. The measurable outcome will lead to the point in which cultural factors promote people's success or failure and the experiment's result.

3. RESULTS

According to the investigations and experiments, we come out a convincible result: combing the company's products with local culture, do in Rome as Rome does, those products will become more popular than the original one[1]. Therefore, it can be seen that entrepreneurs can gain more benefits from understanding the specific culture and providing more targeted and special products for the country[2]. Taking the references "*Making China safe for Coke: how Coca-Cola shaped obesity science and policy in China*", "*Overcoming*

mechanisms of outsider disadvantage: Organizational identity change and meaning giving: an exploratory multi-case study of Chinese MNCS", we can figure out that not only in China but also in other countries, local people are more willing to consume products that manufactured or designed with factors and symbols of their own cultures. Take a giant transnational corporation—Coca Cola—as a compelling example[3]. After entering the China Mainland market, it designed two cartoon characters. They both wear traditional Chinese clothes—bellyband, while they both cut traditional haircuts, which only appear among Chinese children between the ages of 4 and 5.[4]

Moreover, more and more Chinese traditional cultural factors are discovered in the following TV advertisement. It presents a Chinese traditional festival—spring festival and puts a big Coca Cola bottle in the center of reunion dinner. A moving sight to the window, those traditional "paper-cutting pasted on panes" really attract people's eyes. The selling result is marvellous as well. From 2019 to 2021, the total sales of Coca Cola company in China Mainland soars to 821 billion RMB during the spring festival, which is over 127 billion US dollars, and it was an increase of 28.7 per cent over the same period last year and an increase of 4.9 percent over the same period in 2019. Have to admit, Coca-Cola sales soared these extraordinary results, the most part, by only a few advertisements contained with tons of traditional Chinese elements. What's more, Coca Cola designed few products that are only sold in China. Those products have catchy names, dizzying colors and flavors, and various bottle shapes. Like a product named "Markedness", some of them come out few flavors that gain youngsters' welcomes. Some of them have exclusive flavors that people can only taste in China, such as the Tea series designed only for the Chinese market. When Coca-Cola realized the benefits of a specific culture for its business, it began to create a lot of products related to that culture. To sum up, the localization of a transnational company is crucial. Only companies know how to cater to locals' flavors and behaviors. They can sell more of their products. Flavors, outlooking, colors, and, of course, advertisements are both critical to products and only localize all those elements. Those products can truly sell well and be alive on tons of labels.

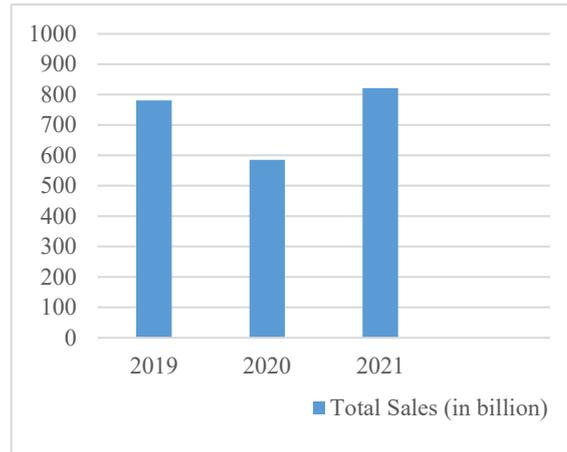


Figure 1 Coca-Cola's total sales during the Spring Festival period from 2019 to 2021

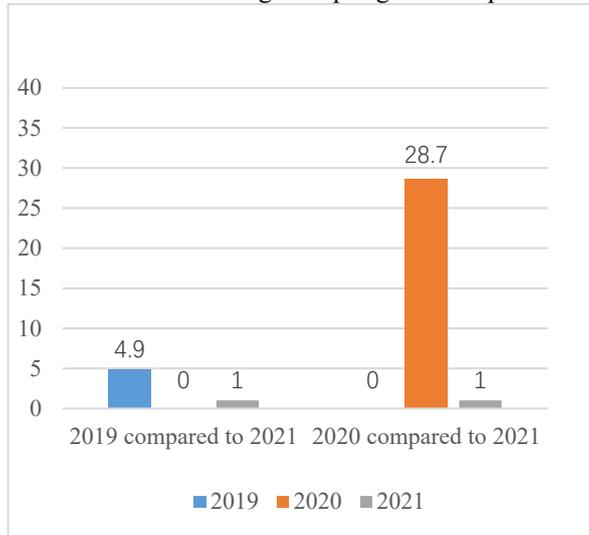


Figure 2 Coca-Cola's total sales growth rate during the Spring Festival period of 2019-2021[5]

4. CONTRIBUTIONS AND LIMITATIONS

There are some significant differences in entrepreneurship in different countries, and this study tries to discuss the different influences on entrepreneurship from the perspective of culture. After this study, we first found that an entrepreneur who truly understands the specific cultures of different countries can benefit from cultural factors. These entrepreneurs can provide consumers with special, targeted products and services to meet the different needs of specific consumers. For entrepreneurs, learning about the specific cultures of different countries is very important for people who want to start a multi-national business. With an understanding of the specific cultures of different countries, entrepreneurs can make specific decisions to meet the needs of consumers in different countries. Second, those who aren't entrepreneurs who want to start a business can take inspiration from this study for future research. From this study, they can learn a lot about the relationship between culture and entrepreneurship. In future studies, even in different areas, they can also get useful information, conclusions and helpful advice from this study.

There are also some deficiencies in this study. First, although we have studied many cases and tried to exclude the particularity of most cases, it is still limited by the material. The limited sample size limits the universality of the study and still cannot cover all cases of different countries and different people. Second, the data in this study are of the current age. The results of this study may change over time, influenced by culture, companies and markets in the future. Finally, the external applicability of this study needs to be verified.

5. CONCLUSION

There are some great differences in entrepreneurship in different countries, and this study tries to discuss the different influences on entrepreneurship from the perspective of culture. After this study, first, we found that an entrepreneur who truly understands the specific cultures of different countries can actually benefit from cultural factors. These entrepreneurs can provide consumers with special, targeted products and services to meet the different needs of specific consumers. [6] For entrepreneurs, learning about the specific cultures of different countries is very important for people who want

to start a multi-national business. With an understanding of the specific cultures of different countries, entrepreneurs can make specific decisions to meet the needs of consumers in different countries. Second, those other who isn't entrepreneurs wants to start a business can take inspiration from this study for future research. From this study, they can learn a lot about the relationship between culture and entrepreneurship. In future studies, even in different areas, they can also get useful information, conclusions and helpful advice from this study. [7] There are also some deficiencies in this study. First, although we have studied many cases and tried to exclude the particularity of most cases, it is still limited by material. The limited sample size limits the universality of the study and still cannot cover all cases of different countries and different people. Second, the data in this study are of the current age. The results of this study may change over time, influenced by culture, companies and markets in the future. The external applicability of this study needs to be verified.

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