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International Business – Central European Business Realities



Globalization and its impact on business strategies

Author: Bc. Stepan Solovyev

Thesis instructor: doc. Ing. Mikuláš Pichanič, CSc.

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Declaration:

I hereby declare that I am the sole author of the thesis entitled “Globalization and its impact on business strategies“. I duly marked out all quotations. The used literature and sources are stated in the attached list of references.

In Prague on

Signature

Bc. Stepan Solovyev

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Introduction

This master thesis concerns the topic of globalization, which is a very important and popular topic in the modern world nowadays, orientated towards rapidly developing economies. There are several reasons why it is so important. First of all, the emerging markets have long stopped being just a part of the world that can be easily neglected; in the 21st century, these markets are represented by such countries as China, Brazil, Russia, and India. These countries have high economic growth rates and the well-being of local citizens is growing at an enormous pace – China nowadays has the second largest nominal GDP worldwide; Brazil is on the 8th place; India is on 5th place and Russia is on the 9th place (Nation Master. GDP: Countries Compared). Therefore, one of the priorities for many foreign companies is to break and operate in these markets. Secondly, it is obvious, the operation with emerging markets is associated with a number of problems that were practically resolved or are not obvious in developed markets (such as, corruption, there is too much administrative work needed to be performed in running a business, etc.) All these disadvantages are compensated by the internal growth potential, which is much higher than in developed markets. These markets are advantageous thanks to low market entry barriers and low level of competition or even no competition at all.

Globalization has erased the economic or legal boundaries, but it should be pointed out that it has not resolved cultural boundaries yet. Until now, every global firm must consider the element of local culture in its strategic management. Without knowledge of local culture, it is impossible to work effectively with the local market. It is unreal to have the same marketing company for consumers from the Czech Republic, India and China. Local market specifics should be considered in each country. Otherwise, the company risks threatening the recognition and understanding of its product by local consumers. So, the topic of globalization and local culture should be analyzed together.

This diploma thesis is based on the study of the culture of China and India. The topic is very large, so it was decided to focus only on those aspects of culture that affect the consumers and the shopping process. In the future, this information can be applied to guide the company as primary data related to the characteristics of these markets. In other words, the diploma work is focused on the study of countries' consumer characteristics. This information is needed to prepare correctly the company's operation in these markets.

The topic is undeniably important since there are still very big regional differences that must be taken into account when it comes to sales. The company should know in advance how local consumers will react to its product.

The main aim of the master thesis is to formulate suggestions that could be utilized to promote the products of Kofola company in terms of cultural differences for future operating company in the selected markets. The advice will be built based on the analysis of the peculiarities of local consumers' behavior concerning carbonated drinks. The main aim is divided into two partial goals. The first partial goal is to analyze the markets of the selected countries – India and China. The second partial goal is to formulate recommendations on how to run a business successfully, in these countries.

In order to achieve this aim, the following methodology is applied. The first step is to conduct literature research by studying information on globalization, and business strategies. There will be consulted Czech and foreign authors. The next methodical step is the analysis of selected markets, on the basis of a PEST analysis. In other words, the political, economic, social and technical characteristics of all the markets will be analyzed. The main focus will be on the economic and social characteristics, as the basic indicator for the description of the market.

The third methodological step is a detailed analysis of the markets that are conducted in three areas. Firstly, the analysis was carried out at a macro level, which indicates the main features of the local culture are anyway related to consumption. This chapter will introduce the general analysis of customer behavior based on the cultural factors that are affecting these countries the most. Secondly, there is analyzed the behavior of local consumers with a focus on carbonated drinks. The final step of the study is a statistical analysis of the local carbonated drinks market, which will be based on the following indicators: the ratio of drinks related to non-alcoholic products, the main players in the market, and the volume and the trends of consumption of carbonated drinks.

It is the most important step in the thesis because this analysis will help to formulate detailed suggestions and recommendations concerning market operation. The last methodological step is of key-value, because it represents the most important results of the analysis, and is the fundament to making conclusions and giving recommendations on market entry strategies.

1 Theoretical part

The first part of the master thesis is theoretical, and its main goal is to perform literature research that will become fundament for the practical part of the diploma. The theoretical part will consist of three main following areas: globalization, business strategy and the presentation of selected countries.

1.1 Globalization

The first chapter focuses on introducing into the term globalization. Because of the diploma orientation, the main focus when considering the phenomenon of globalization will be directed to the economic side of this issue.

1.1.1 Definition

The globalization can generally be represented as a process of integration of states, nations, and firms in different areas of activity. Globalization is certainly not a phenomenon of only the 20th – 21st century. For the first time, the emergence of this phenomenon can be noted thanks to ancient Greece or ancient Rome (Pitts, 2013). In modern understanding, Globalization started with the epoch of the Great Geographical Discoveries. Unfortunately, this wave was completed according to Pichanič (2004) with the first world wave, when a collision occurred between the European powers for markets. The second wave of globalization began after the second world war. The last wave of globalization started in the 80s and lasts till the present day and it is connected primarily with technological advances (personal computers, the Internet, mobile communication) (Pichanič, 2004). As it could be noted globalization has a strong root in the past, but the reasons for it were completely different.

Globalization in the 21st century is a global process driven mainly by the economy. According to Zajda (2010): „*Globalisation is a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions*“. In his definition, this author focuses on the word transformation. In other words, for this author globalization is primarily a matter of change. Dabbah (2010) is giving the following definition: „*Globalization is considered to provide a fusion of national economies converting*

them into one.” In his definition this author talks about the market and makes an impact on the market and changing the market into one. Globalization nowadays is completely different – especially after comparison with previous centuries, when it was led mainly by the military. As it was obvious from previous definitions globalization today is a process of transformation of local economies into one.

The 21st century is undeniably the time of globalization and its impact on the economy and politics. State borders have never been so close. This phenomenon brings many opportunities in the market, because thanks to globalization, even small firms can enter the international market and work effectively there. On the other hand, globalization brings several problems, such as, a global competition which sooner or later enters the local market.

1.1.2 Causes

Before everything, the reason for globalization is the development of new technologies, of informatic nature. As a result of this, innovations are penetrating into all areas of human activity; the idea that arises in one part of the planet will very quickly be transferred to another part of the globe.

The next reason for globalization is the scientific and technical progress in the transport and communications sector. So, the misunderstanding and tension between countries are actually reduced. In the modern world, it is not a problem to transport goods with acceptable expenses to any point on the planet.

Starting with the first industrial revolution in England up to the middle of the past century, the industrial development path was the main factor for the country’s development and wealth. The main vector of development of countries has changed the middle of the past century; now this vector is represented by the society driven primarily by information technology.

The next cause of globalization is represented by general political processes related to transformations happening in an economy: from national, closed, protectionism economy into an open economy. Attributable to the above, the economy has changed from a national one into a global economy and very connected between countries.

The following reason for globalization is the enhanced division of labor at the international level. Consequently, the production of various goods is transferred massively to specific countries. The part of production in the textile industry that requires a large number of labour resources is transferred mainly to the countries of Southeast Asia. Meanwhile, sectors of the

national economy based on innovation, science and technology-based approach remain in the countries of Western Europe and the USA.

Another cause of globalization can be seen in the global use of the English language that has virtually erased the language barriers on our planet. For almost the entire existence of mankind, the linguistic factor was one of the main barriers in the expansion of culture, science, etc. Indubitably, there existed languages that had a very strong influence - Latin in Europe in the Middle Ages, Persian in the Middle East, or Chinese in Southeast Asia. Nevertheless, none of these languages combined politically, economically, and culturally, as the English language did. Therefore, the growing knowledge of English around the world helps companies in their operation worldwide. Firms do not need to invest so much in their employees' knowledge development as they can hire people who already have very good knowledge of English (Shennikova, 2015).

The final cause of globalization is the search for new markets. Over time, it appeared to be that the sales market of highly developed Western European countries and the United States is not only saturated but even oversaturated with products. Therefore, firms from these countries started searching for sales markets in other countries.

1.1.3 Impact

The first positive influence of globalization on the economy is to stimulate it. Due to the unification of economies, the boundaries between the states of the state are being erased, and all business processes accelerate.

Undoubtedly one of the main results of globalization is the increase in wealth. Countries that open their borders for globalization are currently facing a huge wealth increase, just a few years after opening their markets. Here can be mentioned China, in the early 90s. In a very short time, this country reformed into being "the plant of the world" and became a new industrial center. Even Stiglitz, a famous critic of globalization, underlines that nowadays many people live longer than before and their standard of living is far much better (McAlesee, 2004). Of course, many people could think, that low paying less for people working in the developing countries is an element of exploitation of local labor force, but for many people in such countries working on a factory is far better option than growing rice – so even though salaries in developing countries are low, globalization still brings increase of wealth for these countries.

The consequence of globalization is also the precaution of the states from extreme actions in politics. In previous centuries, many wars began because of the division of spheres of influence and markets.

Thanks to globalization, the sociocultural unity of mankind is emerging. People already understand that in other countries there are people as well; although they have a slightly different culture. In other words, cultural pluralism is emerging that sooner or later may lead to a decrease in conflicts between cultures (Pichanič, 2004). This situation leads to a decrease in tension between cultures.

Globalization development can lead to the fact that the flow of information through the Internet and other means of communication, gives to local cultures the chance to break out of their ethnic or national limitations. For instance, the interest of people in rare languages; due to globalization, it is possible to connect people on a given basis. It could be noted the language Esperanto that is living its second revival, thanks to globalization and the development of the Internet.

Certainly, to be mentioned that global corporations are the ones to gain from globalization, as thanks to new sales markets, these companies expanded their business and increased profits. Likewise, the financial speculators and banks gained the upper hand, that began to work on the world market and were able to accumulate large capitals.

The positive impact of globalization can also be noted in the area of goods and services; their quality improved a lot due to competition increase. As a consequence of international competition, local producers (not only global) are simply forced to take into account the growing demands on the product and thereby improve the quality of their products. According to Murray (2014), every company seeks improvement in its productivity and improving the quality of products on world markets. Murray is also noticing that without globalization itself, there is no improvement in products quality. Globalization is definitely causing continuous improvement.

In addition, globalization makes it easy for all people living on the planet to access absolutely any information, while simultaneously increasing not only the quantity but also the quality of new, interesting, accessible information. Thus, any person from anywhere on the planet can get the information of his/her interest.

There are changes happening from the point of view of jurisprudence, some barriers fell down. In the past, when globalization was not so strong, criminals could easily shed all

responsibility for their actions and be on the run for decades, in other countries. Nowadays, all criminal proceedings have been accelerated. Globalization has very strong pressure on the harmonization of law in many countries, thereby eliminating problems in jurisprudence.

As was noticed by Pichanič (2018) due to the globalization processes the inequality measured as a distribution of wealth between rich and poor countries has narrowed. On the other hand, inequality according to him remains. Especially it could be seen in case of the difference between Western EU countries and former EU communist countries.

On the other hand, the negative effects of globalization should be taken into account, as well. Firstly, this is the obligation of a consumption common standard; in this case, the product is universal and is being pushed by international companies on all markets. International firms are much stronger than local manufacturers, which creates obstacles in the development of domestic production. Coleman (2013) pointed, that globalization is useful especially for big companies due to free trade. On the other hand, according to this author small business is suffering from globalization. The small and medium businesses are gradually pushed out by international corporations. As a result, the government is gradually losing the fundamental pillar of its development, which is a small business. Globalization leads very often to ignoring the cultural and historical specifics of these countries and imposing a certain way of life, which in many respects can contradict with the traditions of a given society. In the end, this may even lead to the loss of peculiar features of national cultures and lead to the adoption of a culture that is alien to this society. Mamurray (2014) is describing this disadvantage as concerns about losing cultural identities and even languages. Globalization definitely is more prosperous for big companies.

Despite the economic growth in developing countries, there is still a big gap between developed and developing countries. Also, the difference between them is constantly increasing. That is, globalization is leading to an ever-increasing difference between rich and poor countries (Kurochkina, 2015). As a result, globalization does not solve income misbalance over the world.

Currently, there are coming up a number of problems that did not exist before or were limited, or were of a regional type – like terrorism, this problem has a global character in the modern world. In the past, when globalization was not so strong, terrorism had only a regional character: in Northern Ireland or in a Basque country. Above all, Islamic terrorism has a huge impact on the strategic security of most countries, nowadays.

The next problem of globalization is the demographic situation. Mass migration to cities is increasing currently, which puts great pressure on the development of local infrastructure. As a result, the regions do not have the labour force and young people aim to leave the regions for big cities. Mass migration can provoke tension in some region, as a rule, these are the most prosperous regions. Thus, radical parties can gain political power. It has already happened something similar in Europe, (Germany and Italy). The consequences of strengthening the right extremist parties are well known to everyone - the result was the Second World War.

If concluding all written, it can be noted that due to the difficulty and complexity of globalization phenomenon, it is impossible to unequivocally say whether globalization's outcome has a higher percentage of impact or positives effects: the economic development of such countries as China and Ethiopia. Both countries were at about the same level of development. Thanks to globalization, China became one of the world leaders and the second country in the world in terms of GDP. While, Ethiopia remained at the same, if not the worst, level.

It is possible to conclude, that globalization is a very broad and specific phenomenon. But the positive effects of globalization are exceeding negative effects. Every country should definitely be open to globalization.

Globalization erases gradually the cultural boundaries and brings a universal westernization of local cultures. Nevertheless, globalization is a phenomenon of our time, while nations' culture was evolving during centuries. In cases of China or India, the culture is more than a thousand-year-old. Therefore, cultural differences between countries still play an important role.

1.2 Business strategy

The second chapter of the thesis is based on a detailed review of the term business strategy. This topic will be fundamental in the practical part of the master thesis.

1.2.1 Definition

The word “strategy” comes from the ancient Greek word “στρατηγία”, which can be translated as “the art of commander”. In ancient Greece, according to Taividi (2016), the first meaning of this term was “science of war”; it was not planned in detail and covered a long period of time. The ultimate aim was to achieve a complex military mission or goal. Gradually, the term “*strategy*” migrated from the army into ordinary life and is widely used in business, nowadays. Due to the fact that the term is very broad and does not have one universal application, each author analysis this area from different angles. There will be given some definitions of the concept in the following text.

Drucker was one of the first, who applied the term strategy for the business, in the 50s of the last century. In his opinion, the business strategy is: *„The process aimed on analyzing the current situation and changing it if necessary, another step is to incorporate this is finding out what ones resources are or what they should be”* (Weigl, 2008). As it can be observed, in his definition, the author focuses on analysis and on the current situation. He also focuses on the sources from which the strategy should be formulated. The reason is clear – one can talk about what can and would be desirable to achieve, but it is impossible without the resources the company has.

Every business strategy is based on its purpose. According to Grunig (2005): *„The primary purpose of corporate strategy is to build up and maintain competitive position”*. Further, the author writes about the three areas of strategy that should be part of a business strategy: market selection, a specific offer to a given market, and resources required to reach a given market. The next author is already talking about competition, which is quite expected – as mentioned above, the first author wrote his definition in the 50s when the competition was not so strong and the main issue in formulating a strategy was the question of company’s resources. Rees (2016) is explaining business strategy as a pattern of major objectives, purposes or goals for achieving goals. This author is focusing on various areas that should be voiced in one way or another in the company's strategy; in the modern sense of the word, this

is about the strategy of human resources development – no company can exist for a long time without motivated employees. Meyers (2011) is putting together all definitions above and defines business strategy as: „*How and where it competes and its approach doing so*”. Meyers also thinks, that the strategy also defines the organization structure, systems, and policies that will be used to implement the strategy. This author, when speaking about the formulation of the strategy, bases on two main questions – how and where will the company win the competitors.

For quite a long period of time, the main result for the business strategy was achieving quantitative indicators – sales, market share, net profit, etc. Nowadays according to Pichanič (2005), the tendency is to measure business strategy performance based on qualitative indicators. The reason for this is already mentioned continuous improvement and necessity to work with the future, not only count with historically achieved results.

1.2.2 Types

The key method of dividing the strategies is the approach described by Porter. According to him, if a firm aims not only operate on the market but also develop and be better than other competitors, then the company should choose one of three strategies:

- Overall cost leadership,
- Differentiation strategy or specialization,
- Focus strategy.

The first type of strategy is used mainly by Chinese firms. On the other hand, there are European companies following this strategy – like Bic. It is based on the following rule, the firm holds principally to the low-cost strategy, which allows the company to sell its products at prices that are far below market prices. As a rule, such firms ignore the detailed segmentation of the market, their goal is the very average consumer. The quality of products of such firms is usually average or below average. Griffin (2015) is giving the following definition of such strategy: “*Attempting to gain a competitive advantage by reducing its costs below the costs of competing firms*”. To sum up – this type of strategy is aimed mainly at a low price, which is achieved by lean production.

The strategy of differentiation or specialization is implemented through the creation of a line of products that are intended for several types of consumers. Thanks to this strategy, the

company divides its portfolio of services into several consumer groups – like Johnson & Johnson. This is the case when it is impossible to determine exactly the quality and price of products - it all depends on the specific group of consumers. As a rule, according to Griffin (2015): *“Enterprise using such a business strategy seeks to distinguish itself from other competitors through the quality of its products or services.”* These companies should make very detailed segmentation of their customers.

Focus strategy is based on working with a very narrow and specific type of clients. In this case, the company knows thoroughly its market and the smallest needs of its customers. Having chosen a segment, the company applies either the differentiation or the low-price approach – like Rolls-Royce company that produces very expensive cars of premium class. As a rule, firms, in this case, utilize the strategy of high prices (premium pricing), since they serve a quite narrow circle of customers. According to Griffin (2015) company applying this strategy concentrates on a specific regional market, product line, or group of customers. This strategy is applied only to a narrow group of customers.

Further, the strategies can be divided relative to the start and completion of the organization's activity. The main important fact into this approach is the beginning or, on the contrary, the completion of the company's business. There are three types of market entry strategies: the acquisition of an existing company, the creation of a new enterprise, or a joint venture. The first type of strategy is the easiest to implement and it has the lowest risk since the company already exists on the market. But it assumes the company has a certain amount of monetary resources, therefore this type of strategy is not suitable for start-up entrepreneurs. The next type of strategy is the so-called greenfield investment. In this case, the firm creates everything from scratch - acquires buildings, recruits personnel, builds distribution channels, and so on. This type of strategy is very risky, but it can bring very good results. Finally, the joint venture is putting together a joint business with an organization already operating. In this case, firms use each other's advantages to create a competitive advantage and synergistic effect. The main advantage of joint ventures is perfectly described by Birkin (2013) – according to him, the main advantage is that it does not require a vast amount of funds to set up. There is also a very important part of the joint venture – tax impact. Prescott (2011) describes this impact due to different foreign jurisdiction. Every company should choose based on her resources and experience which of the above strategies is more appropriate for application: if company does not have enough experience with market - joint venture is the best solution, if company is

strong enough and does not want to share the profit– the best solution will be greenfield investment etc.

The care strategy also has three types: strip, harvest, and liquidation. The first type of strategy is based on the sale of the business to another company. The second type of strategy comes from the gradual disposal of investment from this company and exit from the market. The company, as it were, is gradually harvesting and leaving the market. Finally, liquidation is the final completion of a firm's operation. Liquidation is usually much faster than the three above-listed methods to leave the market. It is also necessary to say, that investors hardly consider such strategies. As a rule, their attitude is based on an optimistic prediction of the future situation. However, as it was noticed by Tassiopoulos (2008): *“A leaving business strategy is important because it helps the entrepreneur to define success in business”*. According to this author when entrepreneurs have not thought through an exit strategy, it may cause an eventual transition of the future. As it was noticed by this author every entrepreneur should have a plan for leaving the market with a detailed description of indicators that help him to understand, that the market should be left. In this particular case, the type of strategy depends on the company – but every company should think about leaving the market before facing potential problems, management should have a set the tool of indicators that could help them to identify the moment for leaving of the market.

1.3 Business strategy and globalization

Globalization has brought very big changes to the international market and the rules of doing business. Currently, the firms are facing the main issue - standardization or differentiation of their products is needed at the moment. From one point of view, the main goal of globalization strategy is to standardize goods and services; on the other hand, there are a lot of markets that require a special approach, because of differences in culture, religion, etc. Each culture is unique and each customer requires a special approach. This is very well illustrated in central Europe: the Czech Republic and Poland. Both countries have a similar past (history), culture and language similar in many respects. When about advertizing, the situation seems to be different. It is impossible, and even risky, to do product advertisement with emphasis on religion banter, on the Polish market; whereas, in the Czech Republic, such advertising will not meet as many negative reviews and reactions as in Poland. An example of a standardization strategy is Pepsi or Coca-Cola company, that promotes exclusively standardized goods and services in all markets. This is the method of achieving a clear goal -

a person who wants to taste Coca-Cola in Beijing or Moscow will buy the same coke. As it is described by Paul (2008): „*Products positioning and strategy is more or less the same in all countries. Pepsi and Coca Cola are globally standardized product even though their taste may be altered a little to suit different cultural variations of taste, for instance Coca-Cola may be a little sweeter when it is marketed in the Middle East to suit the local palate there.*” The same is applicable for McDonalds. The person who opens the McDonald’s restaurant in his/her country is demanded and required on very important and the most important thing - to support the company's standards. In addition, the company reduces the promotion expenditures by creating a globally recognizable image of the company. But even McDonald's menu varies slightly in different countries. The principle of this strategy is clear - the standardization of business approach and procedures carried out in the company's strategy, saves millions of dollars on the development of new models because one model is used for all regions.

In the modern world, the enhancement of this type of strategy can be seen in the emerging of so-called global consumers, who acquire products in large batches on a centralized and coordinated basis and are guided by clear and precise selection criteria. Subsequently, the purchased products are then decentralized and used within the organization itself. Examples of such consumers are The Ministry of Defense or the Ministry of Health, with their grants for the purchase of goods and services. Undoubtedly, such tenders represent a very big incentive for the company to make a standard product (Chan, 2013). The existence of such consumers helps transnational corporations to utilize global marketing throughout the world.

On the other hand, the policy of protectionism is intensifying in the modern world, which seemingly is already a thing of the past. For example, President Trump's approach to US trade policy and the restriction of imports to China (Bown, 2018). Such a step stops globalization processes and may even force them to go back. Further, a lot of protests against globalization are taking place around the world. These views are especially strong in Europe, which is undoubtedly one of the economic leaders of the world. Additionally, there is happening the increased interest of local consumers to the products of local firms and interest decrease into the products of global firms.

The next change in globalization strategy is a change of leaders occurring in the modern world, where European and American companies have dominated globalization for a very long time. According to Forbes magazine, among the 10 most expensive brands in the world, there are already two Asian firms - Samsung and Toyota (Forbes, 2018). The position of

Asian firms in the world of globalization is continuously growing. It is very possible, in the future, the business strategy will suffer changes due to the very active actions of Chinese, Korean and Japanese firms. There are no probabilities, of course, that Chinese will replace English in business because it is too complicated for non-native speakers.

In the company's strategy, it is necessary to consider the differences in the local culture, it is vital for successful work in the local market. You cannot use one strategy in all markets.

1.4 Introduction of selected markets

1.4.1 India

It is the first unique state in its kind. Due to its large population and the diversity of cultures living in this state. Moreover, India is the territory where the most ancient civilizations appeared and the country had long been the most important center of trade routes. Nowadays, India is known worldwide as a global IT center.

The policy of India is connected and depends mostly on a large number of cultures living in this country. Therefore, the situation in politics is extremely unstable. Then again, because of this situation, India is a truly democratic state, where it is simply impossible to take power in the hands of one person. In foreign policy, there are very complicated relations with neighboring Pakistan, with which the country is now at war.

Since the beginning of the 1990s, the country has undertaken extensive reforms, which subsequently had a positive impact on the country's economy. Since 1991, the country has been pursuing a strong liberalization of the economy and has limited state control over the country. Also, the government of the country understands that the basis of citizens' welfare is the attraction of international investment. The GDP of the country reaches \$ 2.3 trillion and is constantly growing. Unemployment and inflation are around 2-3% per year (Government of India. Ministry of Statistics, 2018).

India has a very high birth rate, especially in the central and eastern parts of the country. Population's living standards are extremely low. Most Indians live below the poverty line, as they work in areas with low value-added products (in agriculture). Also, there is an extremely low literacy rate, in the country. India is the country of cities with a million-plus population: 13 million live in the largest city of Mumbai. At present, India has the second place after China, in terms of population - 1.3 billion people. India's special characteristic of the local population consists of the fact that there still exists an official division of the population, by social designation, the so-called Cast. The main population adheres to Hinduism, followed by Islam in second place (Government of India. Ministry of Statistics, 2018).

Hindi is the national language of India. Due to the fact that not all the people speak Hindi, English is the second official language in the country. Also, there are spoken other 20 local languages, that are very different from each other (Government of India. Ministry of Statistics, 2018).

The country is the undisputed leader in the field of IT technologies. This is facilitated especially, by the fact that almost all Indians speak the English language. As a result, the country has become one of the main outsourcing IT centers in the world. In the field of transport, the main type of transport is the railway.

1.4.2 China

Not too long ago, China was one of the poorest countries in the world. As a result of opening the borders and the entry of foreign investors, China has become one of the main world economic leaders and exceeded Japan, in terms of its GDP. Meanwhile, on the world political scene, China sticks to neutral positions.

The fundamental of the country's policy is the Chinese Communist Party, and all authorities are subordinate to this party. There are problems with separatism in the country - this is the world known problem of Tibet, occupied by China. Moreover, in the country there are two states whose political status is very different - this is Macau and Hong Kong.

Inflation and unemployment are not a problem of China, as their level does not exceed 3%. The GDP of the country gives under the United States only and amounts to 12 trillion dollars. The economy of the country is still in a state of rapid economic growth. The economic growth led to an increase in the welfare of the country, but unfortunately, there have still remained large disparities between the regions. The inner regions of China are unfortunately not as developed as the coastal zone (National Bureau of Statistics of China, 2018).

The total population reaches 1.3 billion people. Population growth was stopped by the Chinese government in consequence of the policy One family-one child. The biggest part of the population of China is the Han Chinese speaking people. It should be noted, the Chinese language as such does not exist. The country's population speaks the local dialects of Chinese, which are not always understood by Chinese language speakers from another region. Just like India, China is a country where the population of some cities exceeds the population of some European countries (National Bureau of Statistics of China, 2018).

The country is undoubtedly the largest factory in the world. To be underlined, China has recently become a leader in high technologies – like in the space industry. The basis of transport in the country is the railways. Currently, the priority is the development of high-speed tracks.

2 Practical part

In the second part of the diploma thesis, the possibilities for market entry and subsequent doing business in selected markets will be analyzed, by taking the example of Kofola company. This company is well-known not only in the Czech Republic, but also in the neighboring countries.

In the framework of one diploma work, it is impossible to consider all the peculiarities of the country's market, therefore there have been selected the most important points: the characteristics of the local consumer and his needs, with the orientation on the focus group, which is supposed to be the fundamental one for the sales of this drink. Also, there is investigated the competition in the local market.

2.1 Kofola

Kofola is a carbonated soft drink that is produced in the Czech Republic. The drink itself was firstly produced in 1959 as an alternative to the inaccessible Western Coca-Cola and Pepsi. The production of Kofola started as a result of the government program on the use of excess caffeine when roasting coffee. After the collapse of the socialist camp and the opening of markets, the sales of the company fell. But after a short fall of the sales, they started to grow, which is clearly seen on the example of anti-globalization and the preference of its own product. The firm demonstrated perfectly that it is possible to compete with Coca-Cola and Pepsi Cola and achieve notable results (Kofola official web-page, 2019).

Currently, the company has plants in the Czech Republic and Slovakia. In addition to these markets, Kofola can be found in neighboring countries, such as Poland, Slovenia, Croatia, Russia and Hungary. The position of the business is not just stable, we are also talking about significant opportunities for further growth, as Middle Europe is one of the fastest growing parts of Europe.

The marketing campaign of the company is based on humor and unusual ideas that are certainly attracting the attention of potential customers. The main focus group is young people. The main idea of marketing communication has not changed since 2002. As a result, the firm is one of the biggest soft drinks producers in the region of Middle Europe.

In the Czech Republic and Slovakia, there are many restaurants that offer in their menu Kofola draft, which is supplied by the manufacturer in metal kegs, like beer.

If the product line, Kofola the most important, of course. In the Czech Republic, there can be also found other products belonging to the company: Rajec water, Jupí and Vinea syrups, Jupík children's drinks, syrups for subsequent dilution of UGO, Semtex energy drink. The company owns the mineral water Radenska and Studenac, in the Balkans. Since 2017, the company also owns the Polish manufacturer Premium Rosa.

The drink is made from fruit syrup of apples and currants, which are later supplemented with syrup of cherry and raspberry. As a rule, the syrup is prepared once a year, so the taste can vary greatly from year to year. This is due to the weather in the certain season and the ripeness level of the fruit (Kofola official web-page, 2019).

The main difference between Kofola and Coca-Cola or Pepsi is that Kofola contains much less sugar, and it does not contain orthophosphoric acid, which is the ingredient of many soft drinks, used to increase the thirst. Specifically, Kofola is a healthier drink than its direct competitors (Kofola official web-page, 2019). This fact is becoming one of the most competitive advantage of the selected enterprise – much more people are wondering about their health.

Based on the text above it is possible to create SWOT analysis of the company in terms of probable operation on Chinese and Indian markets. The SWOT analysis is presented in the following table:

Table 1. SWOT analysis for Kofola

Strengths <ul style="list-style-type: none"> • Brand, • Relatively healthy product, • Product line, • Experience with operating abroad, 	Weaknesses <ul style="list-style-type: none"> • No experience in Asian markets, • Experience only in Middle Europe region, • Unknown brand in Asia.
Opportunities <ul style="list-style-type: none"> • Highly growing market, • New segments, • New products, • Opening new factory. 	Threats <ul style="list-style-type: none"> • Wrongly predicted demand because of the cultural differences, • Strong competitors, • Slowing down the economic growth in selected regions • Changes in legislative.

Source: own analysis

Firstly, the company has a very strong brand. The business has been working with this brand for a very long time and knows exactly what to do to be recognized by buyers. The firm can operate on markets even with very strong competitors. Marketers of the company know very

well how to gain profit by aiming at particular segments and such experience is very useful for operating on other markets.

Secondly, the main product of Kofola is healthier than the good of its competitors and this can play as the main competitive advantage because people are nowadays more careful about their health.

The company has a good product line and can diversify its products at any time. Thirdly, the company is already operating in foreign markets, so entering a new market is not a new experience.

Unfortunately, the company has no experience in the Asian market, it has only worked with European buyers. The customers in Asia are undoubtedly completely different than customers in Europe. This brand is not known to the local consumer, and the firm will have to work on the awareness of its product, from the very beginning. Also, the first years for the enterprise may be very painful.

Both India and China are one of the fastest-growing markets, so there is still room for work on them, and new segments appear on the markets of these countries. After operating on these markets, the company may find out that there is demand for a product that it does not have, but its production can easily pay off. So, it might introduce a new product or even might open a new production in the region, in the future.

The main threats are cultural differences. The reason is that the company is used to work with a European buyer, but in these regions, there are big differences in culture. Globalization, of course, has significantly influenced the local customers, but local culture and habits are still playing a key role in everyday life. In order to get rid of these threats, this master thesis is written.

There are already many competitors working on the market, including Pepsi and Coca-Cola. Chinese and Indian markets are very attractive in terms of their growth and size that is why new competitors possibly will enter these markets.

The economy of both countries is currently growing and developing, but no economy is safe from recession. It is possible that the situation with Japan, which economy has not been growing since the 90s, could repeat in China and India. As a result, the recent economic growth might change into dragging economic depression, as it happened for the Japanese economy.

Finally, there may happen changes in the legislature of both countries that cannot be foreseen. In the case of India, possible problems with obtaining permission from the Food Safety and Standards Authority of India might appear; or the manufacturer may get in a situation related to unpredictable regulatory and tariff regimes.

The main problem for the Chinese market may perhaps be local law enforcement, because China is known, all over the world, as a place where law protection of brands is very poor. As was highlighted above, the firm has no experience in running the business with such an environment.

2.2 India

India is the first country to be reviewed in this study. This country is of interest for this diploma by the number of its population and its economic growth rates. But the country is very different: there are global IT technology centers, but there are also huge districts tightly built with dilapidated houses or even just tents made from construction waste and a very low literacy level.

More and more companies are oriented towards India as it is the 4th in terms of the world's economy, and one of the fastest growing. The GDP of India has tripled in just 17 years (from 2000 to 2017) and is still growing – see table below.

Table 2. Indian GDP in USD, 2011-2018

Year	2011	2012	2013	2014	2015	2016	2017	2018
GDP in bil USD	1823	1827	1856	2039	2103	2290	2652	2726
GDP per capita in USD	1410	1469	1544	1640	1751	1874	1987	2104

Source: Government of India. Ministry of Statistics and Program Implementation

There are even assumptions that the economy of India may soon overtake the development of China, as China stands in front of big barriers.

2.2.1 Cultural differences required for marketing

The culture of India is complex and multifaceted. The purpose of this chapter is not to provide a detailed description of all the particularities of the Indian culture, but only those that have a significant in operating with the local customer. In other words, literature, music, etc. will not be considered in this chapter, but only those areas of culture that are important for advertising and further promotion of the product in the local market. Following text will be aimed on the next areas:

- Attitude towards animals,
- Caste system,
- Differences within Indian culture,
- The English language,

- Personal space and family relationships,
- Concept of karma,
- Attitude to music and dance.

Indian culture has a completely different attitude to animals than Europeans have. In this country, a large number of citizens still live in villages or have narrow ties with the villages where their relatives live (Banerjee, 2019). That is to say that almost all Indians are somehow connected with agriculture and the life in the village. Therefore, the attitude towards animals is more respectful in the country. The most important and world-famous example should be the cow, which is a sacred animal in Indian culture. Another example is the snake which also has an unusual meaning.

In European countries, the snake is not a very good symbol and is associated with something bad. The European fairy tales very often utilize the motive of a knight's victory over a serpent, which personifies universal evil. The Hindus have an absolutely different attitude to the snakes. There is an entire cult and worship of snakes in India. Magnificent temples are built to dignify them, legends about snakes are written. According to the Indians, the serpent represents eternal movement. The snake sign is also an integral part of the Hindu entrance door. There is even a special holiday of snakes in the country, during the celebration people feed the snakes with milk and honey, they also shower the snakes with pollen, and put flowers to the snakes' holes (Tapan, 2007).

The second distinctive feature of the country is the caste system, which has existed for more than one thousand years. The Caste system is the basis of the social life of India. Currently, there are more than two thousand castes. Initially, there were four castes and the lowest cast among all is the untouchables. Starting with the second half of the 20th century, the Indian government legally restricted the role of castes. On the other hand, the castes had existed since medieval times and they cannot be replaced by anything else, for several decades. The castes do not have any influence when people are applying for a job or buying real estate, but they do have still their big and heavy role in the personal life of a Hindu, for example, in family and marriage relations. In India, as a rule, people enter into a marriage only with a member of the same caste, and the opinion or wish of the future spouses is not taken into account. The weddings are organized with great luxury, where almost all friends and relatives are invited.

If seeing the castes from the European approach it looks contradictory but there is another side of the coin. There is a completely unique subgroup in the caste of untouchables, which includes homosexuals, transvestites and eunuchs, who earn their living by prostitution and begging. This subgroup of the caste is not of course of big prestige in the society, but there is a strange paradox in India: the presence of such a person at a celebration, and especially a wedding, is considered a very good sign (Ahmadabad, 2019).

The Indian caste system is not a simple classification or segregation of people, it is much more, it is as a way of uniting them that gives people the opportunity to be with their own kind, guarantees the fellows' support and clear life and behavior rules. The castes are also undoubtedly a natural way of regulating the society that exists alongside with the laws. Due to the castes, there are not happening mass civil disorders or wars, in the country, on a religious, national or other basis, although there is a good "ground" related with differences between the Indian regions.

Most Europeans think that Hindus belong to the same nation, but it is not true. Indians are very different from each other, even in appearance. For example, Hindus living in the north are tall and almost white-skinned people, whereas in the south of India live primarily Indians with dark skin (Bijapurkar, 2007). There are significant differences even in the religion. In the state of Mumbai, the traditional Hindu approaches are strong, while in the famous tourist state of Goa, which was long-time Portuguese colony, there are elements of Portuguese culture, and there are living a large number of Muslims. In the north of the country, where the Arab and then the Turkish influence was, meat consumption is not considered to be something negative, whereas Southerners are almost all vegetarians (Ashish, 2014).

It should be noted that there is a great diversity of languages in India, and many languages are very different from each other. There are also languages that do not have a written form. Therefore, it is a common situation for an Indian to know several completely different languages, and cannot write. The Hindi language, which is the language of intercultural dialogue, differs a lot in the regions of the country. From this point, there are similarities with neighboring China, where to study a language it is necessary to start with certain dialects.

The Indian accent is very strong, especially when Indians speak English. On the other hand, English is quite widely spoken in this country, which of course is one of the most important factors in the development of India. India received the knowledge of English as an English colonial heritage (Khan, 2004). The Indian State does not need, in contrast to China, to spend big money on teaching its citizens English. Not to forget that English is also the language of

international communication, since the differences between the northern and southern Indian dialects are big. Thanks to this, English is the country's official language.

One must be very careful in personal contact with Hindus, especially when it comes to handshakes and attitudes towards women. Unlike other countries, in India only the right palm is clean (considered), so it is not recommended to take food, help with a handshake, with the left hand. When greeting somebody, it is not recommended to use the handshake because Indians have their own greeting gesture (Banerjee, 2019). They join their palms, after which they lift them to the chin, nod their heads (a slight bow) and say the word “namaste”.

The same as in the Islamic world, women cannot afford to freely communicate with men. Such attitude towards women has been preserved in many places until day. Women, especially in villages, are prohibited from any sexual contact before marriage, while these rules do not apply to men. Additionally, married women living in villages cannot go out without a reason, they should be always accompanied by husband. The situation is already different in the cities.

Controlling the emotions is also part of Indian culture. The most important religion of the country directly says that it is strictly forbidden to flirt, embrace and kiss publicly (Tapan, 2007). It is recommended to be very undemonstrative, which is a feature of most Asian cultures.

The culture of personal space that exists in Europe, is completely absent in India. Thus, Europeans very often feel uncomfortable when in India local citizens stare at them persistently. Another unusual habit is to ask questions on very personal topics, such as health and family. As a result of a positive attitude towards life, one can make friends quite easily, in India. For other nationalities with a more closed culture, this may look as an intrusiveness. You should also not be surprised that when dealing with Hindus you can receive many personal questions about your health or family. Moreover, these questions are not just a curiosity, it is considered polite to ask about personal life, in India (Banerjee, 2019).

In traditional Indian families, the search of a husband begins at the age of 10 years. In this case, the husband should be about 5-10 years older than the future wife. The choice of a husband is influenced not only by his social status, the wealth of his parents, but also the astrological compatibility of the future spouses.

It does not mean that the children start living together right away, sometimes it takes many years until they start their family life. As a rule, the future spouses and their parents go to visit

each other, the future wife learns from her mother how to keep the house clean, cook special dishes and treat her husband in the presence of adults. In traditional families, the man brings the woman to his home and lives with his parents in the same house. The institution of marriage is primarily a duty, in traditional Indian culture (Fedorova, 2019). There was not even such a term as “divorce” in Hindi, until the middle of the last century. There were not existing both, the term of divorce and the concept of divorce.

In Hinduism, there is the concept of karma, which is sometimes understood wrongly in Europe. The typical Indian concept of karma does mean having only a negative result and the absence of a positive future, as for example “bear one's cross”. Just the opposite, the Indian does not stop believing that the future will be positive, even when living the most terrible life.

Indian culture has a unique feature - it is its amazing musicality and dance (Manuel, 2015). Unlike European countries, Indian dance and music is not just a part of culture, but they are its main component. Indian films prove it.

25-30% of the population in India is not literate and half of the population lives at the subsistence level that can hardly afford the purchase of food. In a country where all these happens it is possible to systematically solve the issues of increasing economic growth, to reduce the unemployment rate and make the country one of the key players in the international arena, not only in the military or political sphere, but also in economic terms (Government of India. Ministry of Statistics and Programme Implementation, 2019).

India is very successful at containing the social and national conflicts, which favorably distinguishes the country from other countries (Kamdar, 2008). This is not to mention the fact that India is a typical democratic state, where it is impossible to imagine the dictator's rule.

2.2.2 Customers and their needs

This chapter will be analyzing the characteristics of the Indian consumer, that come directly from the cultural differences of this country. The main features related with the investigated soft drink are:

- Strong conservatism,
- No strong drinks,
- High illiteracy of the population,
- Specific English language,
- Vegetarianism,

- Family influence,
- Sponsorship,
- The influence of religion,
- Caste influence on segmentation,
- Work with local marketing professionals,
- Emphasis on dialogue and mutual understanding.

The Indian society is extremely conservative and the life of a Hindu is permeated with many important ritualistic actions and behavior norms. Innovative approach is not entirely welcome (Banerjee, 2019). Such things cannot be prognosed, so it is necessary consider the additional costs for consulting services of local firms. More than that, there is prohibition of using religion in advertising, even in a humorous form.

Alcohol is prohibited in Indian culture, above all this drink is sold only in specialized shops, so the alcohol-free products, especially soft drinks, are in great demand among Hindus. This characteristic has a very positive effect on the company under investigation. The young people in India prefers to buy sweets and non-alcoholic carbonated drinks. In some states alcohol is prohibited (Balram, 2019).

About 30% of the population cannot read and write. The inscription on the coins speak of mass illiteracy of the population, in the country. The inscriptions are duplicated by the corresponding number of fingers equal to the denomination on the coin, so that even illiterate Indians know the denomination of the coin. Therefore, it is not recommended to use too complex labels. It is better to design a packaging with an emphasis on colors and patterns that are highly valued in Indian culture (Government of India. Ministry of Statistics and Programme Implementation, 2019).

As mentioned above, the English language is quite different in India. In advertising the drink, it is better not to use words that are too complicated, but rather choose as simple words as possible (Mazzarella, 2003). In the case of advertising throughout the country, the advertising should be done in English.

The majority of the population are vegetarians. Thus, it is necessary to clarify that the drink was produced without causing pain to the animals, when working on the drink advertisement (Ashish. 2014). The attitude of Hindu people towards animals was already described above. It

is important to know the fact that vegetarians from India not only do not eat meat themselves, but often prefer not to be in the same room with those who eat meat.

A key feature of the Indian mentality is the Indian's approach and attitude to his family, which should be considered in advertising. As a rule, all Indians have a very sensitive and close relationship with their family. For a Hindu, the family is a united group of people who own property and receive joint income (Abikzir, 2017). Moreover, each member of the family must take care of the welfare of all the other members of the family and cannot exist without their support. Separation of roles in the family also influences the Indian society; and the Hindu approach is traditional: the man is the breadwinner of the family, while the woman is the home keeper. These traditional boundaries are being erased, of course. But given this fact, the advertising with the emphasis on singles will not succeed but will fail. The classic technique of advertising as in Europe, which is bare body, female body is forbidden in India. Feminism, gender equality and so on. are taboo in India. On the other hand, the opinion of the family means more for an Indian than his own opinion. This is the issue companies should learn how to deal with (Tapan, 2007).

Hindus are very hospitable people and are ready to help in any trouble. Conversely, the refusal to help is very negatively perceived by local people (Atwal, 2012). Therefore, every company operating on this market should consider the sponsorship cost, assistance to the poor, as it represents the part of the strategy of the company for entering the local market.

Religion has a very big role in the life of the country. All Hindus honor the religious holidays, so when working with a local client it is necessary to organize advertising campaigns during certain times of the year. The religion in India represents a special lifestyle. That is why it is an advantage to perform a marketing campaign after consulting with local firms (Dheeraj, 2011).

As it was already mentioned, when working with an Indian consumer, it is necessary to consider which caste he belongs to. Unfortunately, it does not matter if the management of the company or company policy is strictly against people segregation according to the family they were born in; after all, even the Indian government could not come to a common opinion concerning such stratification of the society. Far beyond, the social division is being actively used by local politicians during elections in their campaigns they make promises of protecting the rights of a particular group of people united by a common caste (Ahmadabad, 2019).

In the process of operating with a local consumer, it is imperative to work with a local company that could take charge of the organizational issues. On the other hand, there is a big risk of fraud when a local firm takes the know-how, and starts a similar business. When dealing with the Indian market, it is very important that the bureaucratic stuff and the litigation may delay longer than expected (Asialinkbusiness, 2019).

Indian culture is based on warmth and positivity, and the utilization of pure facts and official approach might result difficult. It is much better to focus on the dialogue. The entire advertising should radiate a positive approach (Prasad, 2019).

2.2.3 Statistics – carbonated drinks in India

The volume of the Indian non-alcoholic market is growing very rapidly, as showed on the chart below. The market volume has almost doubled, in just five years. In other words, the local market is huge and there is a very good opportunity for market entry and successful operation.

Table 3. Yearly consumption of non-alcoholic beverages in liters per capita in liters in India in 2011-2020

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 ¹
Consumption	0,88	1,1	1,38	1,72	2,15	2,54	2,99	3,52	4,14	4,88

Source: Dart Consulting, 2019

Surprisingly, the Indian beverage market did not feel at all the crisis of 2008–2009, which affected all world economies. The consumption of soft drinks did not decrease, either remained at the same level, it increased. This is the particular characteristic of the Indian market.

Nowadays, two suppliers – Pepsi and Coca Cola, close out the Indian market, as well as all over the world. They own about 60% of the market. Other suppliers that have a strong position in the market are Dabur, Parle Agro, and HUL (PwC, 2019).

The types of non-alcohol products on Indian market can be divided into the following categories: carbonates, juice, bottled water, sports and energy drinks, concentrates and ready to drink tea. Their percentage ratio is presented in the chart below.

¹ Estimation

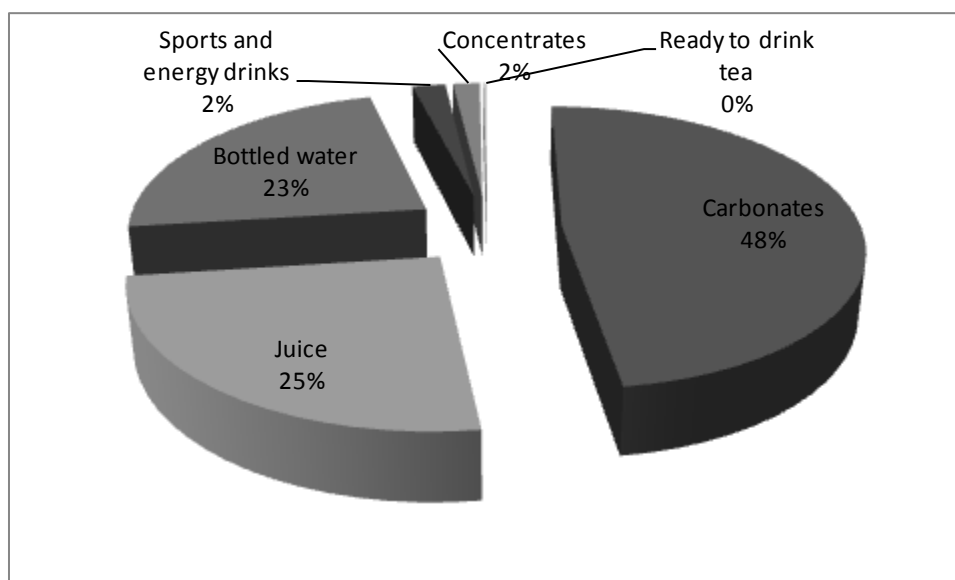
Table 4. The non-alcoholic beverage market in India

	Market size (mil Indian rupees)	Market size (mil euros)	Off-trade (in %)	On-trade (in %)
Carbonates	251	3,26	42	58
Juice	132	1,72	77	23
Bottled water	121	1,57	50	50
Sports and energy drinks	11	0,14	71	29
Concentrates	9	0,12	100	
Ready to drink tea	1	0,01	79	21
Total market	525	6,83		

Source: PwC, 2019

The Carbonates drinks occupy about half of the Indian market. As it is indicated in the chart, half of the products are sold through on-trade. Experts mention that this ratio will grow, the reason will be the growth of Indian citizens' welfare who will go to restaurants more. But, this type of product can be in danger of falling demand as well, if Hindus will start taking more care of their health and reduce sugar consumption (PwC, 2019).

Figure 1. Market share – nonalcoholic beverages in India



Source: PwC, 2019

Currently, the non-alcoholic carbonated beverages are consumed by about 250 million people, in India. That is, almost every fifth Indian drinks coca cola or any other similar carbonated drink. Moreover, the potential for market entry is huge; because the amount of non-alcoholic

carbonated drinks consumed per person is 100 liters, in developed countries; while in India this figure is only 4 liters/per person. Even in neighboring China, the consumption per person is twice higher than in India (Dart Consulting, 2019).

The attitude of the Indians to the consumption of these drinks is special. It is not an ordinary drink; local people take it as part of a luxury life style. This is undoubtedly related to the low standard of living in this country (McNamara, 2019).

In this industry according to Sowmiya (2016), the annual growth rates are about 10% per year and these high growth rates will continue to exist. This is the right time to enter the Indian market.

When considering the sales from the perspective of the regions of India, then the south and the east of the country should be of interest. The south of the country is attracting with its economic condition where the majority of foreign firms here have their own service shared centers. In the east, the sales are high due to very hot weather. On the contrary, the western part of the country is problematic due to transportation costs (PwC, 2019).

What is of high importance is that the organization of the drinks market is very low - only 25% of the market for these products belongs to firms, the remaining 75% is sold at the C2C level. There is still alive the tradition of street food and drinks, in India (Jagasish, 2019).

In addition, with the increasing level of the population's welfare, it is expected the demand for products that contain less sugar and are healthier for people will be growing. There is a great potential for the company under study, since the sugar content in its products is much lower than in the products of direct competitors (Economietimes.indiatimes, 2019).

Further, the amount of consumed Carbonated drinks in the country is analyzed, with detailed information in the chart below. It shows that the volume of consumption in millions of liters is constantly growing, and it is expected that it will almost double by 2021, compared to 2011.

Experts point that the difference between the city and the village gradually decreases, in the area of consumption of carbonated drinks. But it cannot be expected that this difference will completely disappear, in the near future. So far, the main market for these products is the cities (Economietimes.indiatimes, 2019).

Table 5. The volume of the carbonated beverages market in India from 2011 to 2016 with a forecast for 2021 (in million liters)

Year	2011	2012	2013	2014	2015	2016	2021
Volume	3 114	3 486	3 854	4 218	4 578	4 928	6 843

Source: Statista, 2019

In India, the main consumer of carbonated drinks are the young people under 25 years old. India is one of the world leaders in the percentage of youths to total population, as about 45% of people are young people, currently. This is the key segment in the selected market (Wikibizpedia, 2019).

The five best-selling carbonated drinks in India are Sprite, Thums up, Pepsi, Coca-Cola and Limca. The listed products demonstrate that Indians consume both foreign drinks and of local production. They have no prejudices to foreign drinks (Walkthroughindia, 2019).

2.2.4 Suggestion for operating

As it became clear from the analysis of the country's culture, if to start a business in India, it is necessary to work with a local partner. Therefore, joint venture is the most logical arrangement of operating the business. Of course, there are risks that should be taken into account. Export operations should not be considered as the differences between countries are enormous.

The main market for products is the cities, because people in the villages consume more tea or cold drinks of their own preparation. So, when talking about sales, the companies should focus specifically on the cities. The focus region should be the south of the country, where most foreign firms activate and where the standard of living is much higher. The advertising should be performed in the English language and local languages should be taken into account. Moreover, Hindi is spoken primarily in the north, that is, the language factor must be considered.

The typical customer of this drink in India will be young people aged 18-25 years. This group of people is called Early Young Adults. Focus group consumes carbonated drinks primarily in companies. In contrast to Europe, young people in India consume primarily carbonated drinks when going out. This group of people lives in big cities and, as a rule, does not yet have own family. Having a drink (carbonated) is a way to spend time with her friends.

The gender does not affect this group. As a rule, this type of client has a lot of free time. Their education is of secondary or higher degree.

For the beginning, it is not advised to delivery Kofola to the local market in kegs for the subsequent bottling in restaurants. This is primarily related to transportation costs. It is planned to sell these products on-trade, that is, mainly through restaurants; regarding the containers the company uses, it is better to keep the initial ones; groups of people buy large PET bottles, as a rule, and they can be complemented by metal cans.

In the advertising campaign, must not be utilized sexist motives or feminism topics. It's better to stick to topics focused on youth and spending time together. It is not possible to use the classic advertising company, where a boy with the girl are holding hands, as on the photo below. This advertisement will be perceived as unethical and will cause negative reactions from consumers.

Figure 2. Sample of „unethical” advertising from Indian perspective



Source: Mediaguru, 2019

When advertising the product, it is imperative to consider the presence of a Bollywood actor in the advertisement. Of course, the company cannot afford to pay for a top actor, but it is a must include at least a moderately popular actor.

Using India as an example, it was clearly shown that globalization has a strong influence on it, but the difference in culture is of great importance. The specifics of the local market should be taken into account when building the strategy.

2.3 China

In the next chapter of the thesis, we will focus on China. The 20th century was not a golden age for China, the country that survived wars, upheavals, mass immigration and occupation. But, the 21st century is indisputably the century of China. The country regains gradually the power in the region and also becomes a world power for the first time in several thousand years of its history.

The economic and political growth of the country leads to an increase in citizens' well-being, which influences positively the purchasing power of Chinese people. From a European viewpoint, China is a homogeneous country, but it is far from it; there are dozens of nationalities living in the country that differ from each other a lot: Tibetans, Mongols, Zhuang, Kazakhs, etc. So, this master thesis will focus principally on the study of Eastern China which is the most culturally developed part of the country.

2.3.1 Cultural differences required for marketing

The first chapter, the same as the chapter about India, will describe the characteristics of Chinese culture, which is highly important to know when running business in this country. Based on the data studied, it was decided the following features should be considered when entering the Chinese market:

- A long history of the country,
- Hardworking and perseverance,
- Chinese hieroglyphs and calligraphy art,
- Healthy lifestyle and martial arts,
- Courtesy and politeness,
- Rice and tea are the basis of local cuisine,
- Collective and family - priority value,
- Fear of losing face,
- A distinctive attitude to the truth,
- Influence of the communist party on culture,
- Confucianism and Taoism.

The first thing that distinguishes this country is its history that goes back thousands of years. Today, this country preserves the rich historical heritage of the past and has promising future perspectives. Thanks to the policies of its rulers, China has an unbroken history, the roots of which can be found many millennia ago. China has been conquered several times in its history, but the same situation was always repeating: after the conquest, the conquerors adopted the culture of China (the conquered country).

The Chinese are very hardworking and persistent, besides local people are also characterized by diligence and resourcefulness. Thanks to these characteristics, China has become a place of great discoveries, because it was here where, for example, the compass and the gunpowder were invented. Chinese travelers reached the shores of Africa, sailed to India, Thailand, and Japan, before the time of the Great geographical discoveries.

Undoubtedly, the main feature of China's culture is the hieroglyphs that are several thousand years old. Chinese hieroglyphs are a real treasure not only of Chinese people but of the whole world culture. Unfortunately, the hieroglyphs are one of the obstacles that people who want to learn the Chinese language meet because to read in Chinese it is necessary to know several thousand hieroglyphs (China Today, 2019). The art of calligraphy is very interesting, and it has reached great heights in China. It is the brightest manifestation of Chinese culture that originated in antiquity and has become a unique direction in art. The culture of orthography or calligraphy also existed in Europe, but only in China calligraphy reached such amazing results. It can be compared with real art, such as painting or music. A true master of calligraphy puts his soul and all his skills into each creation. This has been preserved until our times.

There is a real cult of a healthy lifestyle in China. There are many people of all ages doing sport everywhere. The cult of martial arts is also very developed in the country, especially with its world-famous Shaolin monastery, where the monks practice regularly martial arts. Wushu and Kung Fu have millions of fans around the world. In modern China, traditional martial arts have become an excellent substitute for gymnastics, and some of them have entered the category of Chinese cultural values.

Chinese culture is characterized by courtesy and politeness, and they do not display their emotions and can perfectly react with self-control to events. Modesty is one of the key qualities of a Chinese citizen. Some people think that the Chinese are closed, but just the opposite, they are very open to the world and very sociable.

The basis of Chinese cuisine is, of course, rice and tea. In the north of the country, they consume mainly flour products. Any meal certainly begins with a cup of green tea.

The collective is a priority significance for every Chinese person (Sekretariat, 2019). Therefore, the highest value of every Chinese is to care for their country and its prosperity. Another characteristic of the population is very strong collectivism. But individualism is not important at all for them. Chinese society has a strong hierarchy and the distance between the boss and his subordinates is bigger than in Europe. The family has a key role in Chinese culture. Since ancient times, the Chinese nation has traditionally respected the elderly and appreciated the younger generation. Nowadays, they cannot imagine themselves without active participation in family issues (China Today, 2019).

The worst thing that the Chinese may fear based on the foregoing is the so-called – to lose face. For Europeans, it is equivalent to the level of social status. In order to understand better, the European simplify and express this concept in their own words the term “to lose face” – here face means “reputation, social status of a person, combined with the image in the eyes of society and others”.

The Chinese population has a completely different concept from the Europeans about truth or not truth. There are situations when the Chinese are telling a lie (from the European point of view), completely not considering this a bad act (Sekretariat, 2019).

The influence of the Communist Party on the culture of China should also be taken into account because since 1949 only this direction in politics has been allowed in here. From 1966 to 1976, the Cultural Revolution took place in China, and during this revolution, the traditional Chinese culture was banned and destroyed. Since the 1980s, the Chinese government has abandoned this policy and proceeded with reviving the traditional culture. The influence of the intervention into the culture is enormously felt even after the end of the Communist Party (Mesenko, 2019).

A feature of the local culture that is important for doing business is two philosophical and religious movements - Confucianism and Taoism. The first current arose thanks to the founder, who existed. He believed that the path to peace and order is through the observance of the norms and secular traditions of the Chinese people. The main task of Confucius was to educate the Man and to teach him certain norms and strict behavior rules that can regulate the relations between different groups of people, for example, between older and younger generations, between people of different social status, between children and their parents, etc.

The founder of another doctrine is already more a mythological figure. The key feature of Taoism is the rejection of active life and contemplation of everything around. The main direction of this doctrine is the study of the laws of nature and following these laws (Tour Minchina, 2019).

2.3.2 Customers and their needs

What distinguishes the Chinese buyers from the rest buyers? Here are the main differences:

- Reaction to the words – price, sale, etc.,
- Politeness in advertising,
- Strong discussion of all purchases,
- Dragon is one of the basements of Chinese culture,
- Curiosity to foreign products,
- Special attitude to food and meals,
- Special attitude to numbers,
- Ban of ordinary advertising channels, such as Facebook or YouTube,
- Bloggers' key influence and other users on product choice,
- Increasing demand for goods with positive effect on health,
- A gradual change in the paradigm of family relations – the woman becomes more independent,
- China is not a typical communist country,
- The Chinese do not tolerate the humor of foreigners about Chinese culture.

The Chinese, as majority Asian peoples, love to bargain and seek personal gain in everything, especially when it comes to price. Therefore, words like – special price, sale, personal discount – all this not only motivates them to spend money but also gives sincere joy from a deal that is advantageous in their understanding (Sokolov, 2019).

The Chinese culture is extremely polite, even when referring to a person they should be very attentive. Therefore, local consumers expect the same attitude and aggressive advertising should be used in no case.

The population of the country likes to talk about shopping. Moreover, the very question of the price of purchased goods does not put the Chinese into confusion. However, it is unlikely that

for reasons of “saving his face” (see the chapter above) he/she will say the real value of the purchase. As a rule, the amount is significantly overstated. At the same time, the price of goods is an integral part of the dialogue about belongings to which the Chinese give exceptional importance. repeatedly discuss each purchase within the family and with people close to them, evaluating each property and all options of its practical application (National Mentalities, 2019).

The symbol of the Chinese nation is the dragon. Unlike Europe, where the attitude towards the dragon is usually strictly negative, in China, the dragon is a very positive character, who is often used in advertising. The dragon is a totem of distant ancestors. The dragon, in exchange of respect and service, irrigated the fields of peasants with water and protected them from disasters. Besides, the culture of China is mostly represented by the culture of the village and not the city, since most Chinese people were either born in the village or their ancestors were born there (VIP GEO, 2019).

Curiosity is another characteristic of Chinese consumers’ behavior, especially when it comes to foreign products. So, it would be just perfect to use the area of Westernism when working with the local consumer (Abirus, 2019).

Chinese consumers are very fond of foreign brands, so when advertising products, it is important to indicate that a certain product comes from Europe. Additionally, the growing prosperity of the population increases the interest in imported goods that are more expensive than local products (Rozental, 2019).

In this regard, proving a product that is similar to Chinese goods will not be efficient but it is better to indicate that the product comes from abroad. For example, when working on the development of containers, the experts working with Chinese market advise not to give focus on the Chinese style and recommend not to print new labels with the name of the product in the Chinese language. It would be much better to let the consumer know that the product comes from abroad. In other words, to stick a small label translated into Chinese, on the backside of the container, should be enough (Gubina, 2019).

The Chinese people are very fond of eating, and it is not just having a quick meal, but spending a certain time at the table. So, they have a special attitude towards food and drinks which is much deeper and not as superficial as in Europe (China Highlights, 2019).

The inhabitants of the Middle Kingdom are also having a thing for numbers. The number “four” is considered unlucky by them because it has a similar pronunciation with the word

“death”. So, when doing business here, you should be very attentive to the numbers (Orange Smile, 2019).

Despite globalization, the use of the Internet is strictly regulated in China. There are banned several social networks, such as Facebook and YouTube, and Bing is more popular than Google. To be noted that messages sent via social networks might be monitored by the local secret service. That is why the regular working methods via the Internet widely adopted in Europe are not suitable in China (Orange Smile, 2019).

Subsequently, a foreign company has to learn how to work with local social networks. Here is the list of networks for the investigated area and the company: WeChat, Sina Weibo, Baidu Tieba, Zhizhu, Tianya. WeChat is a platform with personal and group chats, then there is the option to publish posts, scroll through the feed, etc. Sina Weibo is the Chinese version of Twitter. The network is built as a microblog. Baidu Tieba is one of the oldest Chinese social networks, it is the Chinese analog of Reddit. Zhizhu is a platform for intellectuals, the principle of the network is similar to Quora. Tianya, on the contrary, is a very wide social platform, which is mainly used by thirty- and forty-year-old users (Baharev, 2019).

The Chinese market is highly influenced by the recommendations of other users. One of the main reasons Chinese consumers rely on recommendations is because they have a certain lifestyle. Additionally, in China, it is also common to consider and to respect the opinion of other people, especially when it comes to relatives or close friends (Dudarenok, 2019).

The foundation of advertising via blogs is derived from the above-described characteristic of Chinese people. Chinese consumers are very positive about direct advertising of their idols, whom they follow on blogs. Conversely, they are very skeptical about traditional advertising and do not trust anonymized marketing information. This is the key difference between Chinese and European users. In Europe, as a rule, advertising on blogs is indirect and hidden. Bloggers in Europe may get a lot of negative feedback if they directly promote a product on their blog. In China, on the contrary, consumers welcome open advertising in the profiles of bloggers without negativity and, trust commercial messages from famous people (Baharev, 2019).

Due to the rapid growth of the economy, the demand for goods that have a positive effect on health is increasing in the country. The residents of this Asian country start to take great care of their health and try to limit the consumption of harmful food (Dudarenok, 2019). The previous way of life of Chinese people connected with the consumption of any kind of food is

disappearing and more and more people in the country strive to eat and drink healthy foods. Therefore, the firm understudy will find it easier to enter the local market.

Currently, there is still a monopoly of world-famous brands in China, which also applies to the market of non-alcoholic products. Due to the growth of the economy of the country, consumers' preferences are changing towards more exclusive products. Gradually, Chinese consumers learned to value quality and became more demanding when choosing goods and services. Also, there is a very strong trend of individuality on the Chinese market which is expressed by the fact that the Chinese try to highlight their personality. As a result of this, niche brands focused on a relatively small target audience are gaining momentum (Transit Plus, 2019).

Chinese society is strongly patriarchal, but women's role is starting to increase and gain power. As a result, the focus on businesswomen as a significant market segment is growing steadily and companies should not be afraid of advertisements targeted at this segment (Transit Plus, 2019).

Unfortunately, some people have the stereotype that China is a communist country. But in fact, it is a truly capitalist country. Many businessmen working in China, compare it with America of the 19th century, during the period of tough capitalism construction on one hand, and with the rapidly growing domestic market on the other (Kurgan, 2019).

The Chinese population is very proud of its culture and do not tolerate any jokes about it, even the slightest manifestation of humor. Therefore, any product advertisement that has an element of humor about the local culture is not accepted. Here is an example of such an advertisement. In 2018, many Chinese shopping websites removed from the market the products of Dolce & Gabbana because of the advertisement that most consumers in the country considered racist and offensive. In the advertising clip, a Chinese model tries to eat traditional Italian food (pasta and pizza) using chopsticks. The chopsticks represent an important part of the tradition that dates back several thousand years. After the head of Dolce & Gabbana company apologized to the Chinese population, plus his speech was in Chinese too (BBC, 2015).

2.3.3 Statistics – carbonated drinks in India

The Chinese market for non-alcoholic products is one of the leaders in the region. The growth volume is simply staggering. Unlike the rest of the world, the Chinese market of soft drinks

survived quite easily in the recent global recession. At present, the volume of the Chinese market is the second largest after the US, and it represents 1/3 of all carbonated drinks products sold in the United States (BBC, 2019).

The rapidly growing market volumes can be seen in the table below. The table shows that there are consumed in China about 176.99 million tons of drinks now, while back in 2011 there were drunk only 116 million tons. The economic recession did not affect the local market at all.

Table 6. Sales volume of non-alcoholic drinks in China

Year	2011	2012	2013	2014	2015	2016
Mil tons	116.22	128.36	143.59	161.54	169.21	176.99

Source: Statista, 2019

The entire market of non-alcoholic products in China amounts to \$ 35.358 million and the carbonated drinks account for about one-third of production. The market share of all components of non-alcoholic products is constant and it cannot be said that any part of non-alcoholic products is growing at the expense of other products (Statista, 2019).

Tea is the first product in the category of soft drinks in China. All over the world, Chinese tea drinking culture is known for its ceremony and special steps to brewing tea. The main goal of the tea ceremony is to reveal the aroma and taste of the drink (Mirra Terra, 2019).

Additionally, in China, milk producers are becoming a very strong competitor to all manufacturers of non-alcoholic products. This product practically did not have any role until the mid-90s. At present, the average sales growth rate for this product is 20% per year. Thanks to this, in the next three to five years, China will be able to become the largest market for milk consumption (Daxue Consulting, 2019). Therefore milk is surprisingly the main substitute for carbonated drinks in China.

Coca-Cola is the first company among manufacturers of carbonated drinks in China, as in the majority of other countries. But the Chinese market is not so oligopolies. The table below shows, the five largest companies own 47% of the market. That is, there is still room for the entry of a new company. Five biggest competitors are covering only 43 % of local market which is definitely a very low number.

Table 7. Market share of leading beverage companies in China

Beverage company	Market share
Coca-Cola	14%
Pepsi-Cola	12 %
Wahaha	7 %
Yangshengtang	5%
CRE	5%
UPC	4 %
Others	53 %

Source: China Chamber of Commerce in the Netherlands and Statista, 2019

Coca-Cola was one of the first Western brands that entered the country after it was opened to the world in the 70s, related to a partial weakening of the Communist Party's influence on the lives of ordinary Chinese people (Daxue Consulting, 2019). Since that time, the company still has its influence on local consumers.

Table 8. Average volume of drinks per capita

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Liters non-alcoholic drinks per capita	5.5	6.0	6.6	7.2	7.9	8.7	9.4	10.1	10.8	11.4	12.0	12.4
Liters carbonated drinks per capita	2.1	2.2	2.4	2.8	3.2	3.7	4.2	4.7	5.1	5.4	5.7	5.9

Source: Statista, 2019

The next table shows that in 2023 there will be consumed about 6 liters of drinks per consumer. Moreover, in 2010 this number was equal to 2 and it means that in just 13 years, the volume of consumed drinks can triple. The figures show an excellent growth of sales and Chinese market is definitely worth for operating.

2.3.4 Suggestion for operating

The Chinese market is very specific because it was for quite a long period under isolation without contact with the rest of the world. Moreover, local culture is playing a very significant role in the ordinary life of Chinese people.

Here it is hardly possible to do without having a local partner or without consulting with a local expert who would help during the operation. A joint venture together with a local partner is a good idea to establish a business in China.

If the company wishes to operate on the Chinese market, it should take into account, that just aiming for export is not a good option. The physical and long-term presence on the market is required. Only long-term relationships are profitable here, as consumers wanted to be sure, that the company is interested in long-term goals and also wants to operate for a long time.

It should be remembered that China is an Asian country with all its consequences: low enforceability of law, slow courts, etc. One of the biggest obstacles in this sphere are illegal imitations of successful brands, local companies might try to imitate the brand of Kofola. Possible law claims are very problematic, and the result of such suits is very unpredictable.

Conversely, this is easily compensated by the rapidly growing local market. Then, Chinese are already used to consume drinks that are produced by the company under study. Kofola company doesn't have to enter the market from scratch and teach local consumers to drink carbonated drinks.

Companies should be very attentive when formulating the advertising slogans if they refer to local culture. The Chinese are very proud of their country and its culture and do not accept any humor about it. To be on the safe side, it is better to avoid the usage of local culture motives. As presented in the study, the preference of Chinese consumers has recently been directing mostly to the products produced abroad.

Foreign products are an example of a standard of quality for local buyers. So, the firm should let the local consumers know that its goods come from Europe. The reason is very simple, as it was mentioned above, China was closed for goods coming from abroad that is why local people were not able to buy foreign products.

It is impossible to tell exactly which particular consumer segment the company has to focus on. At present, China is growing very fast and the boundaries between the segments are very blurred and consumers cannot be divided into segments.

The company should emphasize in its advertising campaign that its product is oriented to consumers who value their health. The reason for this is the growing demands of Chinese buyers for direct consumption products.

When working with the local market, it is necessary to work primarily with bloggers. You should not be concerned with direct advertising – Chinese consumers are very receptive to this type of advertising and even expect from bloggers direct-purchase advice and cooperation with bloggers is definitely not a problem for a European company.

Cooperation with local bloggers is a good fundament for doing business in China, in terms of online propagation. Of course, it is necessary to remember, that classical western propagation channels like YouTube or Facebook are forbidden in China. That is why operating on the local market should be done with the deep cooperation of local specialists.

The mentioned suggestions on China demonstrated that the culture of China, the same as in India, has a strong role. When working with the local market, firms should consider the difference in mindset and not assume that globalization has erased the boundaries between cultures.

3 Conclusion

There were selected two countries for research – China, and India, in this master thesis. Only 20-30 years ago, it was impossible to imagine that advanced European and American firms would fight for Chinese and Indian markets, and would adjust their products to the Asian markets. More than that, all this is a reality today. The market of both countries is already quite demanding about the quality of the products and it is very difficult to sell everything in the local market. Besides, thorough segmentation is required to work with the local market.

The fast-growing economy of two Asian countries has brought new requirements to the quality of goods, namely: local buyers have begun to take more care of their health and are trying to choose products that are environmentally friendly or do not have negative content for their health. Thus, it was decided to pick a company with a typical Czech product which is Kofola. The modern history of the company has proved that producing a qualitative product is real to compete with the giants of the market of non-alcoholic products, such as Coca or Pepsi Cola.

In the first part of the master thesis, the phenomenon of globalization was examined, as well as the business strategy the firms use. Further, there was examined the connection between globalization and business strategy.

In the practical part of the thesis, the company Kofola was analyzed. There were pointed out the strengths of the company: the already mentioned product quality, the small amount of sugar and a competitive strategy based on the segment of people who do not like the direct competitors of the company, Pepsi and Coca-Cola.

In the second part, the Indian market was studied and this market distinguishes by its approach to animals, caste system, a very large variety of local culture, family influence, the concept of karma and the widespread use of the English language.

If summarizing the characteristics of Indian consumers, from the perspective of potential entry of the company into the local market, it is highly important to be informed about: strong conservatism, rejection of strong drinks, specific English language, vegetarianism, family influence, sponsorship, influence of religion, and caste influence on segmentation, work with local marketing professionals, and emphasis on dialogue, and mutual understanding.

Further, there was researched the consumption of non-alcoholic products with the target on carbonated drinks. The market for these products is growing rapidly so that its volume has almost doubled, in just five years. Unlike other countries, the product market did not fall even

during the last crisis of 2008-2009. But still, Pepsi and Coca Cola are the main companies in the Indian market, the same as in other countries. The Carbonates drinks occupy about half of the Indian market of non-alcoholic products and half of the products are sold on-trade. Currently, non-alcoholic carbonated beverages are consumed by about 250 million people, in India. The further growth may be expected, since the quantity of non-alcoholic carbonated drinks consumed per person is 100 liters, in developed countries, while in India this figure is only 4 liters/per person. The consumption of these products in India is part of a person's status. With the increasing level of the population's welfare, it is expected that the demand for products that contain less sugar and are healthier for people will be growing. This may be a key success factor of the researched company in the Indian market.

Based on this study, it was possible to formulate suggestions for the company, taking into consideration its strategy, and based on the cultural characteristics of India. First of all, a joint venture is the most logical arrangement for operating the business. The main market for products is the cities located in the south of the country. The advertising should be performed in the English language but local languages should be taken into account too. The focus group could be formed by Early Young Adults, who consume drinks at work or with friends. The best way to sell the product is via restaurants. The main idea of the advertising campaign should be – youth and spending time together. It would be ideal to involve local actors in the advertisement.

The first step was to analyze those aspects of Chinese culture that have huge influence on the product under study and here is the list of the main factors: Chinese are very proud of their country its history, hardworking and perseverance, Chinese hieroglyphs and calligraphy art, healthy lifestyle and martial arts, courtesy and politeness, Collective and family are of prior value, influence of the Communist Party on culture, and Confucianism and Taoism.

Chinese consumers are distinguished by the following factors: reaction to the words price, sale, etc.; emphasis on politeness in advertising; discussion of all purchases; curiosity to foreign products; special attitude to food and meals; governmental ban of ordinary advertising channels, such as Facebook or YouTube; key influence of bloggers and other users on product choice; increasing demand for goods with positive effect on health; gradual change in the paradigm of family relations – the woman becomes more independent; China is not a typical communist country, and Chinese people do not tolerate the humor of foreigners about Chinese culture.

The statistical part of the work demonstrated that it is one of the fastest-growing markets. China is one of the leaders in the world in the total consumption of carbonated drinks. The principal players in this market are Pepsi and Coca-Cola. But not to forget about milk producers who may represent strong competition as well, because this animal product is booming, with sales exceeding twenty percent per year.

To conclude, the company was advised in its strategy on the local market to proceed from conducting business with a local partner, to promote the fact that the company comes from Europe, to emphasize the product of the company is not as harmful as its competitors, and lastly to cooperate with bloggers. It is also important that classic promotion tools like Facebook or Google are prohibited in China.

The features of Chinese culture that differ it from Indian culture, in the field of Kofola introduction into the market are: The differences between the Chinese and Indian market in the field of cultural features that are necessary for doing business for this company are based on: bigger consumption of carbonated drinks, Facebook or YouTube ban, a more positive attitude to products from Europe, the strong influence of bloggers on customers, do not tolerate any jokes about their culture. The Indian market differs from the Chinese in: the country has a very large variety of local culture, family influence, mutual understanding strategy, the consumption of non-alcoholic carbonated drinks can be part of a person's status.

Based on the arguments above the partial goals - to analyze the markets of the selected countries and to formulate recommendations on how to run a business successfully, in these countries – were fulfilled. Main aim of the thesis - that could be utilized to promote the products of Kofola company in terms of cultural differences for future operating company in the selected markets – was also fulfilled.

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Databases

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