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FOREIGN MARKET ENTRY STRATEGIES USED BY MULTINATIONAL CORPORATIONS IN KENYA: A CASE OF COCA COLA KENYA LTD

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Abstract

Purpose: The objective of the study was to establish the foreign market entry strategies adopted by Coca Cola Kenya Ltd.

Methodology: The study employed a case study research design. Primary data was used in the research. The data was collected using an interview guide. The respondents interviewed were senior managers of Coca Cola Kenya Ltd in the operations department. Five senior managers were interviewed; The finance manager, the operations manager, the commercial manager, the exports manager and the Production Manager. Data was analysed using content analysis as the study aimed to collect data that was qualitative in nature.

Results: Following the study findings it was possible to conclude that Coca Cola company has ventured into various foreign market entry strategies in order to increase its customer base and its profits. These market entry strategies include foreign direct investment, joint ventures, franchising and exporting. It was also possible to conclude that there are various factors influencing the choice of marketing strategy as an entry mode were the legal framework, risk of macroeconomic instability, loss of assets due to non-enforceability of contracts and physical destruction caused by armed conflicts. It was also possible to conclude that all market entry strategies faced various challenges but the management was successful in overcoming the challenges

Unique contribution to theory, practice and policy: It is also recommended that the company should study the marketing environment before adopting any strategy so as venture into the strategies which best their company. ***Keywords:*** *Multi-national Corporations*,fdi

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1.1 INTRODUCTION

n its clearest definition, international business is described as any business activity that crosses national boundaries. The entities involved in business can be private, governmental, or a mixture of the two. These national boundaries have been crossed with several businesses in the tourism and hospitality sector, communication and technology sector and many others. International business can be broken down into four types namely foreign trade, trade in services, portfolio investments, and direct investments (Ajami, et al, 2006.) Internationally, most companies would prefer to remain domestic if their domestic market were large enough. Managers would not need to learn other languages and laws, deal with volatile currencies, face political and legal uncertainties, or redesign their products to suit different customer needs and expectations. Business would be easier and safer. Yet several factors draw companies like Coca Cola into the international arena: higher profit opportunities in international market, Need for a large customer base to achieve economies of scale, reduce dependency on any one market, counter attacking global competitors in their home markets, Global customers who need international service (Kotler, Armstrong, Saunders, and Wong, 2009).

According to R. P. Maheshwari (1997) a multinational corporation means an enterprise which allocates company resources without regard to national frontiers, but is nationally based in terms of ownership and top management. Basically they are international corporations with production locations in more than one country. The origin of multinational firms lies in their owner's desire to maximise sales and profits. These enterprises own or control production or service facilities outside the country in which they are based. There is no agreed definition of what constitutes a multinational corporation. Some authorities define it as a company whose foreign sales have reached a ratio of 25 percent of total sales. Others look to the distribution of ownership, the global products, and the mixed nationalities of management as the determining characteristics. According to Professor Raymond Vernon of Harvard University, the definition of a multinational corporation is applied to any institution which tries "to carry out its activities on an international scale, as though they were no national boundaries, on the basis of a common strategy directed from a corporate centre." Jacques Maisonrouge, president of IBM World Trade Corporation, defines the multinational corporation as one which operates in many countries, carries out research, development and manufacturing in those countries, has a multinational management and has multinational stock ownership. (N. S. Fatemi et al 1976)

Coca-Cola started operations in Kenya in 1948, on a Nairobi plot measuring just a quarter of an acre. The new beverage proved so popular that another production line was commissioned almost immediately in the coastal town of Mombasa. CCS acquired NBL in 1995. Coca-Cola Sabco's Kenyan plant in Embakasi, Nairobi, employs approximately 1 000 people. It is one of the biggest bottling plants in the group. This state-of- the-art facility was officially opened by Kenyan president Mwai Kibaki in 2005.

1.2 Research Problem

Most multinational corporations would prefer to remain domestic but several factors push them into entering foreign markets. Some of these factors are; higher profit opportunities in international market, need for a large customer base to achieve economies of scale, reduce dependency on any one market, counter attacking global competitors in their home markets and Global customers who need international service.

Organisations require massive resources of time, energy and personnel on the national level. Adding an international component greatly intensifies the amounts of resources needed; this commitment is staggering and is generally avoided by many domestic businesses. Organisations must consider many factors before going international; among other things it must evaluate its personnel, assets, international experience and the suitability of its products. These factors should be reviewed in terms of the overall short-term and long-term strategic goals and objectives of the firm. Organisations have to review all these factors in order to use the appropriate entry strategy to enter a foreign market.

A number of studies have been done on foreign market entry strategies used by MNCs in Kenya. Mugambi (2011) studied foreign market entry strategies adopted by firms in the export processing zones, Gichui (2011) studied foreign market entry strategies used by Eco Bank Kenya Limited to enter the Kenyan market, Cherop (2011) researched on the foreign market entry strategies used by Fina bank Kenya when entering the East African market, Njoroge (2011) looked at the factors influencing the choice of entry strategies used by the Kenya Commercial Bank to enter into the East African region, while Wachari (2010) studied the determinants of foreign market entry strategies adopted by Kenyan firms in selecting and entering international markets. The findings of the studies were specific to the organisations under study and the entry strategies used were determined by the organisations strategic goals and objectives. The paper will answer the question. What are the foreign market entry strategies adopted by Coca Cola Kenya Ltd?

1.3 Research Objectives

The objective of the study is to establish the foreign market entry strategies adopted by Coca Cola Kenya Ltd.

2.0 LITERATURE REVIEW

2.1 Multinational Corporations

MNCs are firms that possess and control productive assets in more than one country and thus have two characteristics. First, MNC coordinate economic production among a number of different enterprises and internalize this coordination problem within a single business structure. Second, a significant portion of the economic transactions connected with this coordinated activity take place across national borders. While many businesses coordinate and control the production of multiple enterprises, and while many other firms engage in economic transactions across borders, MNCs are the only firms that internalize and coordinate economic activity across national borders (Ibid, 2006).

Moreover, advantages of MNC include superior technical know-how, large size and economies of scale, low input costs due to large size, brand image, financial flexibility, access to low cost financing, managerial experience and diversification of risks. Its disadvantages are numerous business risks, host country regulations, operational difficulties, political risks, cultural differences and different legal systems (Ajami, et al, 2006).

2.2 Foreign Market Entry Strategies

Once a firm has decided to enter the international arena it must make a choice regarding the appropriate mode for organizing its foreign business activities. There are a number of entry strategies available. These alternatives are not mutually exclusive; indeed, large companies may employ them simultaneously in different contexts. As previously stated, MNC is a firm that is structured so that business is conducted or ownership is held across a number of countries, or one that is organized into global product divisions (Ajami, et al, 2006). Choice of entry modes can be fruitfully divided into the non-equity modes that involve exporting, licensing, franchising and contract manufacturing and service provision; and the equity modes that involve joint ventures and fully owned subsidiaries (Foreign direct investment).

2.3 Foreign Direct Investment (FDI)

Foreign direct investment refers to an investment in or the acquisition of foreign assets with the intent to control and manage them. Companies can make an FDI in several ways, including purchasing the assets of a foreign company; investing in the company or in new property, plants, or equipment; or participating in a joint venture with a foreign company, which typically involves an investment of capital or know-how. FDI is primarily a long-term strategy. Companies usually expect to benefit through access to local markets and resources, often in exchange for expertise, technical know-how, and capital (Carpenter & Dunung 2011).

Countries in transition, developing countries and emerging economies have come increasingly to view FDI as a source of economic development and modernisation, employment and income growth (OECD, 2002). Studies have shown that the risk factors influencing FDI include macroeconomic instability, loss of assets due to non-enforceability of contracts and physical destruction caused by armed conflicts (Hernández-Catá, 2000). Foreign direct investment (FDI) is an integral part of an open and effective international economic system and a major catalyst to development (OECD, 2002). FDI can stimulate the diversification of product through investments into new international businesses, so reducing market reliance on a limited number of sectors (UNCTAD 1999).

Moreover, several other factors holding back FDI have been proposed in recent studies, notably the perceived sustainability of national economic policies, closed trade regimes and poor quality of public services (Dollar & Easterly, 1998). This problem is compounded where a deficit of democracy and a lack of effective regional trade integration efforts (Odenthal, 2001).

2.4 Joint Ventures

A joint venture is a contractual, strategic partnership between two or more separate business entities to pursue a business opportunity together. The partners in an equity joint venture each contribute capital and resources in exchange for an equity stake and share in any resulting profits (Carpenter & Dunung 2011). The establishment of International Joint Ventures (IJV) have been an increasing trend since the 1970s. By the 1990s, IJVs were the mode of choice about 35 per cent of the time by US MNCs and in 40 to 45 per cent of international entries by multinationals of Japan (Gooderham, 2003). It is an agreement by two or more companies to produce a service or product together. This entry strategy involves a much higher level of investment and therefore of risk than the previous entry strategies (Lipsey, 2002).

Challenges posed by joint ventures include, finding the right partner not just in terms of business focus but also in terms of compatible cultural perspectives and management practices. Another major challenge is that the local partner may gain the know-how to produce its own competitive product or service to rival the multinational firm. This is what's currently happening in China. To manufacture cars in China, non-Chinese companies must set up joint ventures with Chinese automakers and share technology with them. Once the contract ends, however, the local company may take the knowledge it gained from the joint venture to compete with its former partner (Carpenter & Dunung 2011).

2.5 Exporting

Exporting is defined as the sale of products and services in foreign countries that are sourced or made in the home country. Exporting is an effective entry strategy for companies that are just beginning to enter a new foreign market. It's a low-cost, low-risk option compared to the other strategies. (Carpenter & Dunung 2011). Exporting is a relatively low-risk entry strategy because it involves little investment and exit is unproblematic (Gooderham, 2003). This strategy of franchising is an obvious alternative for firms lacking in capital resources. Exporting not only benefits the exporting country, but also the country receiving the product. Most MNCs commonly engaged in both exporting and importing services (Barefoot. & Koncz-Bruner, 2012)

Benefits of exporting include, access to new markets which has brought added revenues and increase in profitability and access to foreign exchange. There are risks in relying on the export option. If a company merely exports to a country, the distributor or buyer might switch to or at least threaten to switch to a cheaper supplier in order to get a better price. Or someone might start making the product locally and take the market from the company. Also, local buyers sometimes believe that a company which only exports to them isn't very committed to providing long-term service and support once a sale is complete. Thus, they may prefer to buy from someone who's producing directly within the country (Carpenter & Dunung 2011)

2.6 Licensing

Licensing is defined as the granting of permission by the licenser to the licensee to use intellectual property rights, such as trademarks, patents, brand names, or technology, under defined conditions. The possibility of licensing makes for a flatter world, because it creates a legal vehicle for taking a product or service delivered in one country and providing a nearly identical version of that product or service in another country. Under a licensing agreement, the multinational firm grants rights on its intangible property to a foreign company for a specified period of time. The licenser is normally paid a royalty on each unit produced and sold. (Carpenter & Dunung 2011)

2.6 Franchising

In franchising, semi-independent business owners (franchisees) pay fees and royalties to a parent company (franchisor) in return for the right to become identified with its trademark, to sell its products or services, and often to use its business format and system (Scarborough, 2012).

Franchising includes three basic types of systems which each of these forms of franchising allow franchisees to benefit from the parent company's identity. First, there is trade-name franchising involves being associated with a brand name. Secondly, product distribution franchising involves licensing the franchisee to sell specific products under the manufacturer's brand name and trademark through a selective, limited distribution network for example the Coca Cola Company and its distribution of soft drinks and finally pure franchising (or comprehensive or business format franchising) involves providing the franchisee with a complete business format (ibid, 2012).

3.0 RESEARCH METHODOLOGY

The study employed a case study as its research design. Primary data was used in the research. The data was collected using an interview guide. The respondents interviewed were senior managers of Coca Cola Kenya Ltd in the operations department. Five senior managers were interviewed; The finance manager, the operations manager, the commercial manager , the exports manager and the Production Manager. Data was analysed using content analysis as the study aimed to collect data that was qualitative in nature.

4.0 RESULTS AND DISCUSSIONS

4.1.1 Foreign Direct Investment (FDI) as a market entry strategy

Respondents were asked to indicate the aspects of FDI that Coca Cola Company was involved in. Respondents indicated that Coca Cola had invested in the company or in new property, plants, or equipment. The company has also resulted to purchase of foreign investments.

The responses that best supported this finding were; *"The Coca Cola company invested in a fully owned subsidiary in Kenya by registering a new company called Nairobi Bottlers in 1948. So we can say that the original market entry strategy by Coca Cola was Foreign Direct Investment (FDI)*

4.1.2 Motives for the choice of FDI as an entry strategy

The respondents were requested to express their opinions on the motives behind the choice of FDI as a market entry strategy. The respondents indicated that coca cola motives for deciding to choose FDI as an entry strategy was so as to benefit through access to local markets and resources, and also to safeguarding proprietary knowledge such as the patented formula

Another response that supported this finding was *Coca Cola has a secret formula that gives it comparative advantage over other firms. In order to protect the formula from being stolen by competitors, FDI seems to be the best option as a far as a production is concerned*."

4.1.3 Factors influencing the choice of FDI as a market entry strategy

The respondents were requested to express their opinion on the factors influencing the choice of FDI as an entry mode. The respondents indicated that the legal framework was an important factor to consider when deciding to use FDIs as a market entry strategy. Other factors considered were the risk of macroeconomic instability, loss of assets due to non-enforceability of contracts and physical destruction caused by armed conflicts.

The response that best supported this finding was; *the legal framework must be investigated thoroughly since it regulates the mode of entries allowed"*

4. 2 Joint Ventures / Strategic Alliances

The respondents were asked to indicate whether the company has engaged in joint ventures and strategic alliances and how such it had benefitted from strategic alliances with other companies. Findings indicate that Coca Cola has engaged into strategic alliances with other companies to achieve various company objectives. For instance, it has a joint venture with 6 other bottling companies to produce juices such as minute maid.

The response that best illustrated this finding was *"There are 6 Bottling Companies in Kenya – Nairobi Bottlers, Mt. Kenya Bottlers, Kisii Bottlers, Equator Bottlers, Coastal Bottlers, & Rift Valley Bottlers. Coca-Cola Juice Company (CCJC) is a joint juice manufacturing venture between the 6 bottling companies and The Coca-Cola Company (TCCC) in which NBL has a 30% shareholding*

4.2.1 Benefits of Joint venture as an entry strategy

The respondents were requested to express their opinion on the ways that the company benefitted from strategic alliances with other companies was access to supplementary services, Opportunity to Reach New Markets Increased Brand Awareness and Access to New Customer Base . The responses that supported this finding was "*One of the most attractive benefits of an alliance with another business is the opportunity to offer supplementary services to clients that otherwise would not be available. It is vital to a business' success to focus on its core competencies because when a business becomes a jack of all trades, it becomes a master of none. An alliance allows a company to offer its clients a whole new realm of services without losing focus on its capabilities and its specialized services"*

4.2.2 Challenges of Joint Venture as a market entry strategy

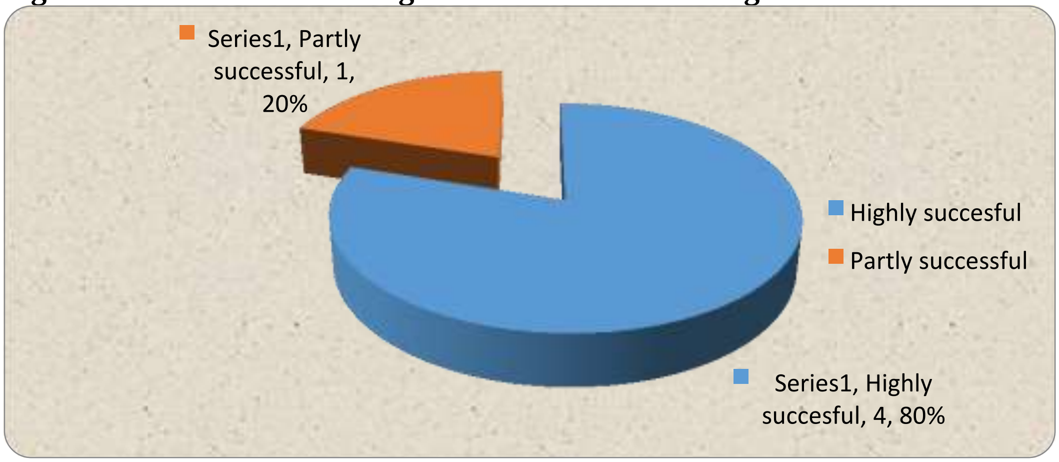
The respondents were asked to express their opinions on the challenges that Coca Cola had to go through in the formation of joint ventures. The results indicate that the most important challenge was finding the right partners. In addition, the fear of competition from the strategic partners in case the contract ended was also another challenge facing Coca Cola.

The best response was *"Coca cola had a challenge of finding the right partner not just in terms of business focus but also in terms of compatible cultural perspectives and management practices"*

4.2.3 Solution to challenges Joint Venture challenges

The respondents were requested to indicate their opinion on how successful the management of Coca cola has been in addressing the challenges of Joint Venture as a market entry strategy. Results indicated that a majority (80%) of the respondents indicated that the management has been highly successful in managing and addressing the challenges of Joint Venture as a market entry strategy. Results also indicate that 20% of respondents indicated that the management has partly been successful.

Figure 1: Solution to challenges Joint Venture challenges



Source: Research Data (2012)

4. 3 Franchising

The respondents were requested to indicate the various franchising agreements that Coca Cola Company had entered into and also to indicate the benefits of franchising to Coca Cola Company in Kenya. One of the responses that supported this finding was *"Early this year, The Coca-Cola Company has opened a new, state-of-the-art Coca-Cola bottling plant in Hargeisa City, Somaliland. The modern beverage production plant is the first industrial production plant of its kind in Somaliland. The US$15 million investment by The Coca-Cola Company and its partner, Somaliland Beverage Industries, is part of the Coca-Cola System's commitment to invest US$12 Billion in the continent by 2020, starting in 2010. The Coca-Cola bottling plant investment in Somaliland is based on a 100pc franchising agreement*

4.3.1 Benefits of Franchising to Coca Cola

The respondents were asked to indicate the benefits that coca cola had gained from franchising agreements. This benefits were financial benefits whereby another source of income was obtained through franchising, operational benefits whereby the franchisor has a smaller central organization, strategic benefit whereby the franchisor spread the risks and manages competition, administrative benefits whereby the franchisor saves on administration costs.

The responses that best represented this findings were ; *" Franchising creates another source of income for the franchisor, through payment of franchise fees, royalty & levies in addition to the possibility of sourcing private label products to franchisees. This capital injection provides an improved cash flow, a higher return on investment and higher profits. Other financial benefits that the franchisor enjoys are reduced operating, distribution and advertising costs. Of course that also means more allocated funds for research and development. Additionally, there will always be economies of scale with regard to purchasing power"*

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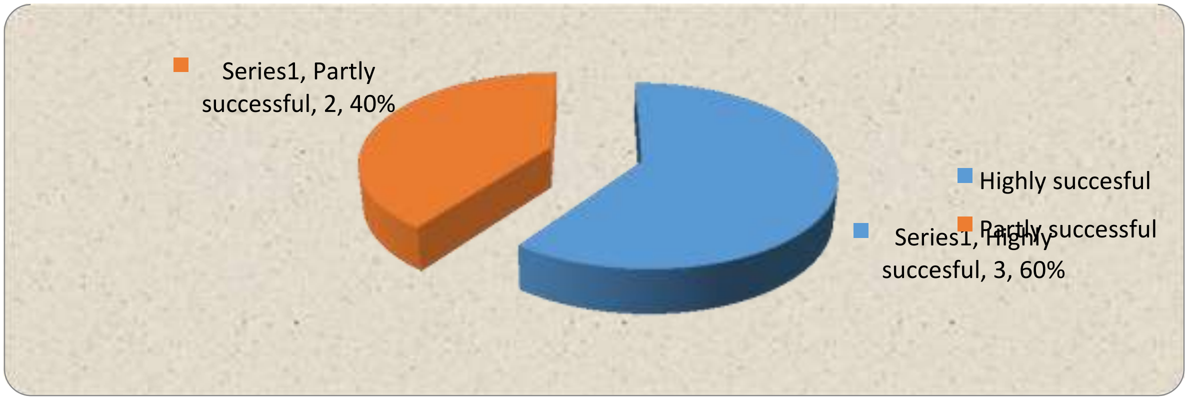
4.3.2 Challenges that Coca cola faces when franchising

Respondents were requested to express their opinions on the challenges that coca cola faces when franchising. This challenges include considerable capital allocation, risks that trade name can be spoiled, risk of undue pressure from franchise and risks of disclosing confidential information. The responses that supported this findings included ***;"**Considerable capital allocation is required to build the franchise infrastructure and pilot operation. At the beginning of the franchise program, the franchisor is required to have the appropriate resources to recruit, train, and support franchisees."*

4.3.3 Success in Mitigating challenges of franchising in Kenya

The respondents were requested to indicate their opinion on how successful the management has been in mitigating these challenges of franchising in Kenya. Findings indicate that a majority (60%) indicated that the management was highly successful while a further (40%) indicted that the management had been partly successful.

Figure 2: Success in Mitigating challenges of franchising in Kenya



Source : Research Data (2012)

4. 4 Exporting Market Strategies

The respondents were asked to indicate the exporting opportunities that Coca Cola Kenya has exploited. The respondents indicated that Coca Cola Kenya has formed export strategies especially as far as juice products are concerned.

The response that best supported this answer was *" We have rebranded the Local juice bottler Beverage Services Kenya Limited (BSK) in a bid to reposition ourself as the juice market leader in the region.BSK is now rebranded as Coca-Cola Juices Kenya Limited. This company that operated as Coca-Cola's juice bottler since 2002 will now manufacture and export the Minute Maid Brand within the East Africa Community, COMESA and West Africa"* **4.4.1 Benefits of exporting to Coca Cola.**

The respondents were requested to indicate the benefits that accrue to Coca cola on exporting its products. The results indicated that some of the benefits that coca cola obtain from exporting include increased sales and profits, gaining global market shares, diversification, lower per unit costs, compensation for seasonal demands.

The responses that supported this finding were *"Selling goods and services to a market the company never had before boosts sales and increases revenues. Additional foreign sales over the long term, once export development costs have been covered, increase overall profitability."*

4.4.2 Challenges of Exporting faced By Coca Cola Company

The respondents were asked to express their opinion on the challenges that coca cola was facing in exporting its products. Results indicate that some of the challenges that coca cola was facing included extra costs, product modification requirement, financial risks and export licences and documentation.

A response that supported this findings was *exporting leads to Extra Costs. Because it takes more time to develop extra markets, and the pay back periods are longer, the up-front costs for developing new promotional materials, allocating personnel to travel and other administrative costs associated to market the product can strain the financial resources*

4.4.3 Success in overcoming challenges of exporting

The respondents were requested to indicate their opinion on how successful the management has been in overcoming the challenges of exporting. Findings indicate that a majority (80%) indicated that the management was highly successful while a further (20%) indicated that the management had been partly successful.

Table 1: Success in overcoming challenges of exporting

	Frequency	Percent
Highly successful	4	80%
Partly successful	1	20%
Total	5	100%

Source: Research Data (2012)

4.5 Discussion

This section discusses the finding of the study. The study findings indicated that Coca Cola has used various foreign market entry strategies to venture into multinational market. These strategies include foreign direct investment, joint ventures, franchising and exporting.

Results indicated that Coca Cola had invested in the company or in new property, plants, or equipment. The company has also resulted to purchase of foreign investments. The findings agree with those in Carpenter & Dunung (2011) who asserted that companies usually expect to benefit through access to local markets and resources, often in exchange for expertise, technical know-

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how, and capital. The findings further revealed that coca cola motives for deciding to choose FDI as an entry strategy was so as to benefit through access to local markets and resources, and also to safeguarding proprietary knowledge such as the patented formula. Study findings also indicated that the factors influencing the choice of FDI as an entry mode were the legal framework, risk of macroeconomic instability, loss of assets due to non-enforceability of contracts and physical destruction caused by armed conflicts. The findings agree with those in Hernández-Catá, (2000) who have shown that the risk factors influencing FDI include macroeconomic instability, loss of assets due to non-enforceability of contracts and physical destruction caused by armed conflicts.

The respondents were asked to indicate whether the company has engaged in joint ventures and strategic alliances and how such it had benefitted from strategic alliances with other companies. Findings indicated that Coca Cola has engaged into strategic alliances with other companies to achieve various company objectives. For instance, it has a joint venture with 6 other bottling companies to produce juices such as minute maid. Results revealed that the company had benefitted in various ways from strategic alliances with other companies. These benefits included access to supplementary services, Opportunity to Reach New Markets, Increased Brand Awareness and Access to New Customer Base. However, the company faced some challenges during formation of joint ventures. Results indicated that the most important challenge was finding the right partners and the fear of competition from the strategic partners in case the contract ended. The findings agree with those in Carpenter & Dunung (2011) who asserted that once the contract ends, however, the local company may take the knowledge it gained from the joint venture to compete with its former partner. Furthermore, the study findings indicated that the management of Coca Cola Company has been highly successful in managing and addressing the challenges of Joint Venture as a market entry strategy.

In addition, study findings indicated that the company had entered into various franchising agreements early this year. Results further revealed that the company had gained various benefits from franchising agreements. These benefits were financial benefits whereby another source of income was obtained through franchising, operational benefits whereby the franchisor has a smaller central organization, strategic benefit whereby the franchisor spread the risks and manages competition, administrative benefits whereby the franchisor saves on administration costs. However, the findings indicated that the company faced some challenges when franchising, this challenges include considerable capital allocation, risks that trade name can be spoiled, risk of undue pressure from franchise and risks of disclosing confidential information. Finally, the findings indicated that the company management was highly successful in mitigating these challenges of franchising.

The study findings indicated that Coca Cola Kenya has exploited exporting opportunities. This is because the respondents indicated that Coca Cola Kenya has formed export strategies especially as far as juice products are concerned. The results indicated that some of the benefits that coca cola obtain from exporting include increased sales and profits, gaining global market shares, diversification, lower per unit costs, and compensation for seasonal demands. The findings agree with those in Carpenter & Dunung (2011) who asserted that benefits of exporting include access to new markets which has brought added revenues and increase in profitability and access to foreign exchange.

However, results indicated that some of the challenges that coca cola was facing included extra costs, product modification requirement, financial risks and export licences and documentation. All in all the findings also indicated that the management was highly successful in overcoming the challenges of exporting

5.0 DISCUSSION CONCLUSIONS AND RECOMMENDATIONS

5.1 Discussion

This section dwelt on the summary of the findings generated from data analysis. The summary was done along the objectives of the study.

The objective of the study was to determine the market entry strategies that Coca cola had adopted. Findings indicated that Coca Cola has used various foreign market entry strategies to venture into multinational market. These strategies include foreign direct investment, joint ventures, franchising and exporting.

Results indicated that Coca Cola had invested in the company or in new property, plants, or equipment. The company has also resulted to purchase of foreign investments. The findings further revealed that coca cola motives for deciding to choose FDI as an entry strategy was so as to benefit through access to local markets and resources, and also to safeguarding proprietary knowledge such as the patented formula. Study findings also indicated that the factors influencing the choice of FDI as an entry mode were the legal framework, risk of macroeconomic instability, loss of assets due to non-enforceability of contracts and physical destruction caused by armed conflicts.

The respondents were asked to indicate whether the company has engaged in joint ventures and strategic alliances and how such it had benefitted from strategic alliances with other companies. Findings indicated that Coca Cola has engaged into strategic alliances with other companies to achieve various company objectives. For instance, it has a joint venture with 6 other bottling companies to produce juices such as minute maid. Results revealed that the company had benefitted in various ways from strategic alliances with other companies. These benefits included access to supplementary services, Opportunity to Reach New Markets, Increased Brand Awareness and Access to New Customer Base. However, the company faced some challenges during formation of joint ventures. Results indicated that the most important challenge was finding the right partners and the fear of competition from the strategic partners in case the contract ended. Furthermore, the study findings indicated that the management of Coca Cola Company has been highly successful in managing and addressing the challenges of Joint Venture as a market entry strategy.

In addition, study findings indicated that the company had entered into various franchising agreements early this year. Results further revealed that the company had gained various benefits from franchising agreements. These benefits were financial benefits whereby another source of income was obtained through franchising, operational benefits whereby the franchisor has a smaller central organization, strategic benefit whereby the franchisor spread the risks and manages competition, administrative benefits whereby the franchisor saves on administration costs.

However, the findings indicated that the company faced some challenges when franchising, this challenges include considerable capital allocation, risks that trade name can be spoiled, risk of undue pressure from franchise and risks of disclosing confidential information. Finally, the findings indicated that the company management was highly successful in mitigating these challenges of franchising.

The study findings indicated that Coca Cola Kenya has exploited exporting opportunities. This is because the respondents indicated that Coca Cola Kenya has formed export strategies especially as far as juice products are concerned. The results indicated that some of the benefits that coca cola obtain from exporting include increased sales and profits, gaining global market shares, diversification, lower per unit costs, and compensation for seasonal demands. However, results indicated that some of the challenges that coca cola was facing included extra costs, product modification requirement, financial risks and export licences and documentation. All in all the findings also indicated that the management was highly successful in overcoming the challenges of exporting.

5.3 Conclusions

Following the study findings, it was possible to conclude that Coca Cola company has ventured into various foreign market entry strategies in order to increase its customer base and its profits. These market entry strategies include foreign direct investment, joint ventures, franchising and exporting.

It was also possible to conclude that there are various factors influencing the choice of marketing strategy as an entry mode were the legal framework, risk of macroeconomic instability, loss of assets due to non-enforceability of contracts and physical destruction caused by armed conflicts.

It was also possible to conclude that all market entry strategies faced various challenges but the management was successful in overcoming the challenges.

5.4 Recommendations for policy

The study recommends that multinational firms should continue investing in various foreign marketing strategies so as to meet the company objectives and mission.

It is also recommended that the company should study the marketing environment before adopting any strategy so as venture into the strategies which best their company.

5.5. Limitation of the Study

The study findings accuracy was limited to the extent to which the respondents were honest in responding to questions. Given the sensitive nature of data collected, there may have been likelihood of answering questions in a certain way so as to avoid giving away crucial and confidential strategic secrets. This was despite the assurance that the study information would be used in a confidential manner. In addition, the findings may not be generalized to other firms because the environments of the other firms is different from the Coca cola operating environment and the overall manufacturing sector. From a contextual standpoint, the current study fails to demonstrate whether other manufacturing firms use the same market entry strategies.

Major conceptual gaps in current study are attributed to the fact that the study could not establish empirically the statistical relationship between the choice of a market entry strategy and the financial performance of Coca cola.

5.6 Suggestion for Further Research

The researcher recommends that a replicate study be done on other beverage manufacturing firms so as to find out what other manufacturing companies adopt as market entry strategies. The researcher further recommends that a similar study be done on nonmanufacturing firms for the purposes of benchmarking. In addition, a statistical regression model should be established to estimate the relationship between choice of market entry strategies and financial performance.

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