Coca Cola-Pepsi Competitive Analysis

Name

Course

Tutor

Date

Coca Cola-Pepsi Competitive Analysis

**Introduction**

The Coca-Cola Company was started in 1886 and has the most admired and known trademark in the world (Coca-Cola Company, 2017). Presently, it is the largest soft drink organization in the entire globe. It only produces and sells non-alcoholic concentrates. The company has a range of products including water products, juice drinks, and non-carbonated drinks. Essentially, Coca-Cola is a respected brand and has warded off its competition using strong marketing messages and distribution strategies. For many years, it has utilized positive marketing and has seldom been involved in negative marketing unlike Pepsi, its closest rival company. In this analysis, Coca-Cola (Coke) will be considered as an individual product. The Coca-Cola brand which contains many products and sub-brands will not be considered.

**Main Competitor**

As mentioned above, Pepsi Company is the main competitor of Coca-Cola Company and is one of the biggest companies in the United States. It ranks among the biggest fifteen globally regarding the number of workers hired. The company is bottled in almost 190 countries. The company is also a world leader in foods, snacks, and beverages with revenue of nearly 43 billion dollars. Its assets are estimated to be worth nearly 69 billion dollars, and their employees are approximately 264, 000 (Number of employees of PepsiCo worldwide from 2013 to 2016 (in 1, 2018). The main reason Pepsi and Coke are close competitors is that both have excellent sales and marketing policies. The two brands have the maximum market share in the soft drink industry. Other direct competitors include Red bull, diet Pepsi, Fanta, Sprite, Dr. Pepper and Mountain dew ("Forbes Welcome," 2018). The indirect competitors include Lipton and Nescafe.

**Market share, Quality, and Product Appeal**

Coke has the largest market share as compared to Pepsi Cola. According to Reuters, in North American coke's sales rose increasing its market share over Pepsi. Most people report that Pepsi is actually sweeter than Coke and thus it has a competitive edge. In addition, Pepsi is known to have a citrusy flavor burst, as opposed to the Coke's Vanilla taste. In every 7.5 oz. of both products, Pepsi has a caffeine content of 24mg while Coke has 21mg. In terms of Calories, Coke has 90 while Pepsi has 100. Furthermore, Pepsi has 20mg of sodium while Coke has 30mg of the same. Lastly, coke has 25g of sugar while Pepsi has 26g. The quality of the two products is very high. The fact that Pepsi has low sodium content as compared to Coke makes it the better product but most people find its sweet taste more overwhelming. Concerning taste, obviously, people prefer Coke. The two products are exceptional and different in that, whereas they have the same chemical composition, most individuals preserve a strong behavioral inclination for one as opposed to the other. The only thing that holds weight is branding, and Coca Cola's product appears to be more valuable. This is why most people think that Coke is superior to Pepsi.

**Unique Selling Proposition and Growth Potential**

Currently, due to the declining soda sales in the United States and other parts of the world, Coke decided to replace its long slogan "Open Happiness" to "Taste the Feeling." This change is part of an endeavor to unite some of Coca Cola's products under a single slogan. The campaign consists of many ads that are based on a key message, that is, the pleasure of taking a Coke drink makes every moment special. Coca-Cola uses emotionally striking ads to sell its product. On the other hand, Pepsi current slogan is dubbed "Jump In." The company aims to connect with all generations using its ads. The ad connects with all types of people in the society whether its mothers, teenagers, grandparents, and children. The ad captures the actions and spirits of those individuals that jump into any moment.

According to Bloomberg both Coke and Pepsi colas are losing their market share as many people reduce their soda consumption. Most people are ditching the sodas in favor of water products. The per capita consumption declined to a thirty-one year low in 2016 (Kaplan, 2017). The decline mines that both the competitors have limited potential to grow.

**Pricing, Features, and Benefits**

A 20-ounce pack of Coca-Cola drink cost around forty-one dollars while a Pepsi pack of the same amount goes for forty dollars in the United States (Amazon, 2017). The Coke drink exists to refresh and benefit everyone who drinks it. The basic proposition of the company is solid, simple and timeless. They bring value, joy, refreshment, and fun to the people. Approximately a billion times a day, thirsty individuals around the globe reach for Coke drink for refreshment. Coca-Cola offers them a high-quality product. The promise to provide quality product is the most crucial promise the company makes and involves a global but distinctively local, bottling partner, distributors, suppliers and retailers networks.

Coke is a carbonated soft beverage. Most people love the fizziness and taste of this product. Like Coke drink, Pepsi Cola is also black, but the difference between the two products is their taste. One benefit of taking Coke is the fact that it has caffeine, a known natural stimulant usually found in the coffee beans, kola nut, and tea leaves. It makes individuals more alert when tired and increases their performance when engaging in several tasks. Pepsi has pretty much the same benefits. However, Coca-Cola was found by doctors and scientist to be one of the best gastric phytobezoar treatments, a condition that causes people to have difficulties moving food in their digestive tract (Walker, 2017). Regarding pricing, Pepsi is the best, but regarding benefits, Coke takes the lead.

**Pepsi Marketing Strategies**

The convenience of availability, purchasing low-price, and good taste are things that consumers expect in a non-alcoholic drink, and this is what is provided by Pepsi Company. The company utilizes several strategies to target the customer groups of different geographic and demographic regions. Segmentation is the essential strategy that helps the company is targeting a certain group of consumers with distinctive offerings. The company also believes in participative marketing which helps it in understanding the requirements of the segments of customers in distinctive economies. It uses different models of distribution to avail the product to its customers. In most countries, Pepsi products are distributed using the direct-store network, independent distributors, and bottlers as well as third party channel to retailers and wholesalers. The strategies employed by Pepsi company shows that its main objective is to dominate the beverage and food industry. Currently, its main goals are to surpass Coca-Cola and take up a larger market share in the industry.

**Conclusion**

Depending on the market the company is operating in, it is important to conduct a regular competitive analysis. Coca-Cola Company should always recall that the analysis is progressive activity because competition keeps changing. New products may emerge posing a threat to the company. As seen in this report, one of the major competitors of Coca-Cola Company is Pepsi. Pepsi marketing strategies keep changing, and the only way to understand the company market position is by conducting competitive analysis.

References

Amazon (2017). *Amazon.com*. Retrieved 12 January 2018, from <https://www.amazon.com/Pepsi-Soda-20-Bottle-Pack/dp/B0004MXFVK>

Coca-Cola Company (2017).*Mission, Vision & Values*. Retrieved January 12, 2018, from<http://www.coca-colacompany.com/our-company/mission-vision-values>
Walker, W., (2017). 4 Surprising Medical Benefits of Coca-Cola. Retrieved January 12, 2018, from <http://home.bt.com/lifestyle/health/healthy-eating/surprising-health-benefits-of-coca-cola-11364003752974>

# *Forbes Welcome*. (2018). *Forbes.com*. Retrieved 12 January 2018, from https://www.forbes.com/sites/narrativescience/2012/02/02/forbes-earnings-preview-coca-cola/#29e21a5e16b5

Kaplan, J., (2017). PepsiCo, Coke Lose Market Share as Americans Drink Less Soda. Retrieved from <https://www.bloomberg.com/news/articles/2017-04-19/pepsico-coke-lose-market-share-as-americans-flee-soda-drinks>

Number of employees of PepsiCo worldwide from 2013 to 2016 (in 1, 0. (2018). *PepsiCo number of employees worldwide, 2016 | Statistic*. *Statista*. Retrieved 12 January 2018, from <https://www.statista.com/statistics/536974/pepsico-s-number-of-employees-worldwide/>