

Brand building strategies for Soft Drinks

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ABSTRACT

I started with analyzing the concept of a product with its soft drink and I got some basic idea about our project. After analyzing the idea I discovered the history of the product as well as some manufacturing companies. Soft drinks are part of beverage industry. Beverage industry includes milk, Juice, cold drinks, tea, coffee, alcoholic drinks, mineral water etc. there are different companies which are doing business in these different products.

Then comes one of the major tasks which is discovering the 4p's of marketing which includes all the concepts of marketing i.e., product, price, place and promotion. To sum up we concluded our project with all the information that we found and our views about the future of the market.

In 2010, soft drinks registered its highest off-trade value growth rate for the review period. This growth was helped by high double-digit volume sales growth in most categories as well as appreciably higher unit prices in 2010. Sports and energy drinks, bottled water, ready to drink (RTD) tea and fruit/vegetable juice all maintained bullish growth even as abundant rainfall seemed to halt the spectacular recovery of carbonates witnessed in 2009.

Emerging categories of soft drinks, such as bottled water and fruit/vegetable juice, will have significant influence on soft drinks volume sales in the forecast period, which will achieve double-digit growth rates. Increasing demand for healthy and hygienic products is expected to fuel this growth. Increasing penetration in rural areas will also contribute to considerable sales increments. Sports and energy drinks, however, will retain its status as the fastest growing soft drinks category as its popularity will develop among young Indians.

Keywords: competitive landscape, soft drink industry, Marketing Strategy, Market Mix, rebranding strategies.

INTRODUCTION

Introduction to soft drinks:

Soft drinks are known as non alcoholic beverage containing syrup essence or fruit concentrates that are mixed with carbonated water. Soft drinks are thirst quencher, hygienic and a drink of enjoyment. Soft drinks industries are quit old. Today Pepsi and coca-cola are the famous brands and both are multinational.

The production of soft drink industry is based on the franchise system, where the parent companies supply the concentrates brand name and know how. The franchise unit that is the bottling unit supplies the production to the market. Hence the bottlers become very important for the successful operation of the soft drinks brand. The drinks are called soft drinks, only to separate them from hard alcoholic drinks. This drinks do not contains alcohol & broadly specifying this beverages, includes a variety of regulated carbonated soft drinks, diet & caffeine free drinks, bottled water juices, juice drinks, sport drinks & even ready to drink tea/coffee packs. So we can say that soft drinks mean carbonated drinks.

Today, soft drink is more favorite refreshment drink than tea, coffee; juice etc. It is said that where there is a consumer, there is a producer & this result into competition. Bigger the player, the harder it plays. In such situation broad identity is very strong. It takes long time to make brand famous.

Definition of the Industry: The Soft Drink Industry consists of establishments primarily engaged in manufacturing non-alcoholic, carbonated beverages, mineral waters and concentrates and syrups for the manufacture of carbonated beverages. Establishments primarily engaged in manufacturing fruit juices and non-carbonated fruit drinks are classified in Canned and Preserved Fruit and Vegetable Industry. Principal activities and products:

- Aerated waters
- Carbonated beverages
- Mineral and spring waters
- Soft drink concentrates and syrup
- Soft drink preparation carbonating

The first marketed soft drinks (non-carbonated) appeared in the 17th century. They were made from water and lemon juice sweetened with honey. In 1676, the Companies de Limonadiers of Paris was granted monopoly for the sale of lemonade soft drinks.

Vendors would carry tanks of lemonade on their backs and dispensed cups of the soft drink to thirsty Parisians. In 1767, the first drinkable manmade glass of carbonated water was created by an Englishmen by Dr. Joseph Priestley. Three years later, the Swedish chemist Torbern Bergman invented a generating apparatus that made carbonated water from chalk by the use of sulfuric acid. Bergman's apparatus allowed imitation mineral water to be produced in large amounts.

In 1810, the first U.S. patent was issued for the "means of mass manufacture of imitation mineral waters" to Simons and Rundell of Charleston, South Carolina. Carbonated beverages

did not achieve great popularity in America until 1832, when John Mathews invented his apparatus for the making carbonated water. John Mathews mass manufactured his apparatus for sale to others. The drinking of either natural or artificial mineral water was considered a healthy practice. American pharmacists, who were selling most of the mineral waters, started to add medicinal and other flavorful herbs to the unflavored beverage. The early drug stores with their soda fountains became a popular part of American culture. Customers wanted to take the drinks home with them and the soft drink bottling industries grew from the consumer demand.

Major Market Players

Coca Cola: Coca-Cola India Pvt. Ltd maintains its leading position. Coca-Cola India Pvt Ltd maintained its leading position in soft drinks in India, followed by PepsiCo India Holdings Pvt Ltd in 2006. Whilst the retail volume shares of Coca-Cola India and PepsiCo India slipped in 2006, as a result of the growing health concerns caused by the aftermath of the pesticides controversy, both maintained a comfortable lead over the other manufacturers. Parle Bisleri Ltd has steadily gained shares from the carbonates giants over the review period, to emerge as the third ranked company in 2006. The battleground for beverages has moved from carbonates to bottled water and fruit/vegetable juice, with manufacturers turning their attention towards these healthier beverages, as consumer interest continues to surge forward. A number of new players have entered fruit/vegetable juice and bottled water, vying for a slice of the growing pie.

Future soft drinks growth to come from healthier beverages. Soft drinks is expected to grow at a healthy pace over the forecast period. Much of the demand for soft drinks is expected to be for healthier beverages. With consumer preferences shifting towards healthier options worldwide, India is following suit. A growing consumer awareness about healthier soft drinks and the effects of the pesticides controversy mean that consumers are likely to opt for healthier alternatives over the forecast period. Thus, sales of carbonates are expected to stagnate over the forecast period while fruit/vegetable juice and bottled water are projected to experience robust growth. Functional drinks and RTD tea are expected to reproduce the dynamic growth of 2005-2006, albeit from a low base.

Pepsi: Pepsi gained popularity following the introduction in 1934 of a 12- ounce bottle. Initially priced at 10 cents, sales were slow, but when the price was slashed to 5 cents, sales went through the roof. With twelve ounces a bottle instead of the six ounces Coca-Cola sold, Pepsi turned the price difference to its advantage with a slick radio advertising campaign, featuring the "Pepsi cola hits the spot / Twelve full ounces, that's a lot / Twice as much for a nickel, too / Pepsi-Cola is the drink for you," encouraging price- watching consumers to switch to Pepsi, while obliquely referring to the Coca-Cola standard of six ounces a bottle for the price of five cents (a nickel), instead of the twelve ounces Pepsi sold at the same price. Coming at a time of economic crisis, the campaign succeeded in boosting Pepsi's status. From 1936 to 1938, Pepsi Cola's profits doubled.

Pepsi's success under Guth came while the Loft Candy business was faltering. Since he had initially used Loft's finances and facilities to establish the new Pepsi success, the near-bankrupt Loft Company sued Guth for possession of the Pepsi Cola Company. A long legal

battle then ensued, with Guth losing. Loft now owned Pepsi, and the two companies did a merger, then immediately spun the Loft Company off.

In 1975, Pepsi introduced the Pepsi Challenge marketing campaign where PepsiCo set up a blind tasting between Pepsi-Cola and rival Coca-Cola. During these blind taste tests the majority of participants picked Pepsi as the better tasting of the two soft drinks. PepsiCo took great advantage of the campaign with television commercials reporting the test results to the public.

In 1996, PepsiCo launched the highly successful Pepsi Stuff marketing strategy. By 2002, the strategy was cited by Promo Magazine as one of 16 "Ageless Wonders" that "helped redefine promotion marketing."

OBJECTIVE OF THE STUDY

- To know about the service & responsibility towards customers of soft drink retail sectors.
- To understand Customers buying behavior & retailers selling behavior.
- To analyze the customer's exact needs & wants.
- To understand the market trends and competitive landscape, demographic information, and descriptions of the leading companies like Pepsi & Coca- Cola.

Scope of the Study

The report talks about the soft drink retail industry in our country, like industry performance, future prospects, growth opportunities, etc. The forecast given in this report is not based on a complex economic model, but is intended as a rough guide to the direction in which the market is likely to move. This forecast is based on a correlation between past market growth and present market growth. The report provides a keen insight of soft drink industry in India by analyzing various market segments and retail formats present in the industry. It helps clients to understand the various types' products available in soft drink industry and their future scope. The overview on opportunities and future forecast on the soft drink retail industry helps the clients analyze the future course of direction and major growth areas of the industry. The project contains an executive summary and data on value, volume and segmentation of market in India. It provides textual analysis of the industries prospects, competitive landscape and leading companies with a two-year forecast of the soft drink industry. It is supported by the key macroeconomic and demographic data affecting the market by including the detail information on market size, measured by both value and volume of market shares which are covered by manufacturer and/or brand.

National brands engage in rebranding strategies to revive sales growth

Several leading soft drinks brands made use of extensive marketing campaigns to revive fledging volume sales in 2010. Parle Agro rolled out widespread advertising of its flagship brand Frooti, while Hamdard Laboratories followed nuances of modern marketing for Rooh Afza. Carbonates brands 7-Up and Coca-Cola also invested in excessive marketing to achieve higher brand visibility. Pioma Industries' concentrate brand Rasna also shifted product positioning, while continuing to target its products towards children.

Carbonates majors maintain dominance of soft drinks

Soft drinks players Coca-Cola and PepsiCo were the leaders in overall soft drinks off-trade value sales in 2010. Although domestic players, such as Parle Bisleri, Parle Agro and Dabur, also held notable shares, they remained some distance behind Coca-Cola or PepsiCo. While Coca-Cola entered two high growth categories in the shape of energy drinks and lemon-flavoured juice drinks in 2010, PepsiCo launched its carbonates brand Pepsi Max. As the value sales of both of these companies came primarily from carbonates in 2010, they are expected to experience a reduction in their share of soft drinks in the forecast period. Domestic players will benefit from this development as consumers will opt for health-orientated soft drinks.

Supermarkets/hypermarkets recover as a retail channel

After an indifferent 2009, consumers returned to shop for their grocery needs at modern retail formats. Emphasis on health and wellness helped drive sales of soft drinks categories primarily retailed through such channels. These included 100% juice, sports and energy drinks, and RTD tea. The convenient shopping environment and promotions offered by supermarkets/hypermarkets attracted consumers to this channel. As the country’s major retailers plan to expand their footprints over the forecast period, the channel’s contribution to soft drinks sales is expected to increase gradually.

Marketing Mix

Introduction to Marketing Mix:

According to the **Peter Drucker** “Business has two main functions, marketing and creativity. Marketing and creativity produce results and rest is cost”.

This is an important concept in marketing. It consists of 4 P’s that is product, place, price and promotion. So it is known as 4 P’s of marketing mix. It represents the seller’s view of marketing tools available for influencing or enrolling the buyer to opt for their product.



Product and Price

“Product is set of tangible and intangible attributes, which may include packaging, colour, price, quality & brand, plus the seller’s services, and reputation. A product may be a good, a services, place, person, or idea”

“Price is the amount of money or other items with utility needed to acquire a Product” Price is the basic regulator of the economic system because it influences the allocation of factors of production (labour, land & capital).

Here are the four companies of soft drinks

- Coca cola
- Dabur
- Pepsi co.
- Parle agro

Dabur India limited is India’s 4th Largest FMCG Company.

Dabur has been marketing its products in more than 50 countries all over the world.

Place

It includes making the product available to the final consumers through the network of various distribution channels.

Place in the context of marketing mix refers to a set of decisions that need to be taken in order to make the products available to the customers for purchase and consumption. Making the products available to the customers require development of channels of distribution and physical distribution of products.

Promotion

Promotion is one of the four aspects of marketing. Promotion comprises four sub categories:

1. Advertising
2. Personal selling
3. Sales promotion
4. Publicity and public relations

The specification of these four variables creates a promotional mix or promotional plan.

A promotional mix specifies how much attention to pay to each of the four sub categories, and how much money to budget for each. A promotional plan can have a wide range of objectives, including: sales increases, new product acceptance, creation of brand equity, Positioning, competitive retaliations, or creation of a corporate image.

RESEARCH METHODOLOGY

Research Methodology is the systematic gathering, recording, and analysis of data about issues relating to marketing products and services. The goal of marketing research is to identify and assess how changing elements of the marketing mix impacts customer behavior.

Qualitative research Information, industry experts, and secondary data may not be sufficient to define the research problem. Sometimes qualitative research must be undertaken to gain a

qualitative understanding of the problem and its underlying factors. Qualitative research is unstructured, exploratory in nature, based on small samples, and may utilize popular qualitative techniques such as focus groups (group interviews), word association (asking respondents to indicate their first responses to stimulus words), and depth interviews (one-on-one interviews which probe the respondents' thoughts in detail). Other exploratory research techniques, such as pilot surveys with small samples of respondents, may also be undertaken.

More formally, formulating the research design involves the following steps:

1. Secondary data analysis
2. Qualitative research
3. Methods of collecting quantitative data (survey, observation, and experimentation)
4. Definition of the information needed
5. Measurement and scaling procedures
6. Questionnaire design
7. Sampling process and sample size
8. Plan of data analysis

Data analysis & Interpretations

Secondary data Analysis

Secondary data are data collected for some purpose other than the problem at hand. Primary data, on the other hand, are originated by the researcher for the specific purpose of addressing the research problem. Secondary data include information made available by business and government sources, commercial marketing research firms, and computerized databases. Secondary data are an economical and quick source of background information. Analysis of available secondary data is an essential step in the problem definition process: primary data should not be collected until the available secondary data have been fully analyzed.

Limitations

All data is secondary, which is collected from internet.

- The variety in the lifestyle of people also affects the study.
- The information collected by us is limited because of lack of money and time constraints.
- The information obtained by us is used as secondary data may not survey as another person's objective.
- Some people were unwilling to give response.
- As we all are doing this kind of study at the first time, there can be some mistakes done by me because of inexperience of such work.

CONCLUSION

As it is said that “knowledge is important” but it is truly believed that “Applied Knowledge is more useful”. So, here I like to conclude with the heartfelt feeling of gaining of enormous knowledge of how to establish and survive in the real business world.

This task has been given to me a break to sharpen our management skill and trained me how to undergo different areas of business. I have also learnt to survive in all the circumstances by making appropriate decisions. This project has given me improvement in my potential.

As the soft drink companies are facing a tough competition, the making of this project will be helpful to the sellers of soft drink to know about the taste and preferences of people and their consumption of soft drink.

After doing the study on all aspects of stabilizing the soft drink, at last but not the least, we like to conclude this project with the satisfaction of its validity.

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