



RESEARCH ARTICLE

COMPARATIVE STUDY ON CONSUMER PERCEPTION TOWARDS CARBONATED BEVERAGE INDUSTRY WITH RESPECT TO COCA-COLA AND PEPSICO

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ABSTRACT

The beverages sector in India has undergone significant transformation in the past 10 years. The carbonated and non carbonated drinks industry in India is to grow near about 45 per cent annually and would triple or four times in size by 2014. Customer preferences are more complex and even more important for retailers today than in past. The primary purpose of this paper is to find out which company is leading the market. This study is conducted between two global beverage companies' Coca cola and PepsiCo. This research is done to identify the various factors that influence the consumer preference towards these drinks. This intercept survey would be conducted in Vijayawada and Guntur. To accommodate this purpose survey method has been used. The data has been collected from people of all age groups. The consumer preferences were identified by a structure questionnaire. Today's market scenario is quite different from traditional one. People have become more educated and always look for quality products. Their taste and preference's keep changing from time to time. This research is mainly targeted to the objective where we can have the idea that what are those factors a customer or a consumer looks before purchase of a carbonated beverage, and if we will have a clear picture regarding the need of the customers then we can bring changes or add new features to the product to satisfy their needs. The study will help the retailers and manufacturers of soft drinks to understand the underlying consumer preferences factors and which factor mostly like by the customers and help them to craft their marketing strategies. Profiling customers by their choice of preferences provide more meaningful ways to identify and understand various customer segments and marketing strategies.

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INTRODUCTION

The beverages sector in India has undergone significant transformation in the past 10 years. The carbonated and non carbonated drinks industry in India is to grow near about 45 percent annually and would triple or four times in size by 2017. Customer preferences are more complex and even more important for retailers today than in past. This study is conducted between two global beverage companies' Coca cola and PepsiCo. Marketers' survival depends on consumer satisfaction. Consumer satisfaction depends on their perception and brand preference of the particular brand. In brand preference, advertising plays a major role. Nearly everyone in the modern world is influenced to some degree by advertising.

Organizations in both public and private sectors have learned that the ability to communicate effectively and efficiently with their target audiences is important to their success. Soft drinks have become essential in lives of the people across the globe. There are number of soft drink brands are available in the market. For the purpose of the study two most popular soft drink brands ie. Pepsi, Coca-Cola are selected. These are the most preferred brand of the consumers in Vijayawada and Guntur. For these brands, different advertisements are available in advertisement media. So comparative analysis of consumer perception towards these two brands is conducted. The marketing concept is built on the premise that marketers first identify consumer needs and then develop products and services to satisfy those needs. Consumer researcher offers asset of diverse methods to identify such needs. Consumer research is also used to better understand consumption behavior. It is used to identify and locate appropriate target markets and to learn their media habits.

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It is used to identify both felt and unfelt needs to learn how consumer preference products and brand and stores, what's their attitude before and after promotional components and how and why they make their consumer decisions. Many of these applications of consumer research are managerial in perspective. They are designed to help a market make specific marketing decisions concerning product, price, promotion and distribution. Consumer research provides basis for the development of new product and service concepts to meet targeted consumer needs. It also enables marketer to build consumer meaning into the product or service by discovering which attributes are most important to the target market and integrating them into the product or service design.

Review of Literature

There are numerous studies on consumer preferences but there are only few studies on consumer preference towards soft drinks. Through a study done by Dube (2004), he identified that for several of the largest supermarket product categories, such as carbonated soft drinks, canned soups, ready-to-eat cereals, and cookies, consumers regularly purchase assortments of products. Within the category, consumers often purchase multiple products and multiple units of each alternative selected on a given trip. Adriant. Beverly (1998) studied the relative contributions of taste and health considerations on consumer liking and purchase intent of cola drink. Banumathy and Hemameena (2006), while studying consumer brand preference with respect to soft drinks, found that after globalization most of the consumers are liking the international brands such as Pepsi and coco-cola. Consumers preferred a certain brand or a particular drink mainly because of its taste and refreshing ability. Shanmuga Sundaram (1990) studied about soft drink preference in Vellore town of north Arcot district in Tamil Nadu. The study revealed that, the most preferred soft drink among respondents as Gold Spot (26%), followed by Limca (24.80%). It was found that taste was the main factor for preference of particular brand.

Nandagopal and Chinnaiyan (2003) found that, the product quality was ranked as first, followed by retail price. Good quality and availability were the main factors, which influenced the rural consumers of a particular brand of a product. Vrontis and Sharp (2003), differentiation for Coca-Cola is achieved through perceived superior quality product, which surpasses its nearest rivals, and high brand image and recognition. The company has also used their promotion and packaging as a means of further differentiation, for example, the Coca-Cola bottle, which has become an internationally recognized symbol. Sampath Kumar (2003) studied about brand preference in soft drinks in Telangana region of Andhra Pradesh. He found that in rural market about 37.5 per cent of consumers preferred Thumbs-up (urban 30%), followed by Coco cola (28.5%) (urban 37.5%), Pepsi 12.5 per cent (urban 9%), Limca (4 per cent) (urban 8.5%). Most of the urban consumers (67 per cent) purchased soft drinks in nearest Kirani stores (rural 73%), followed by super bazaar (27 per cent) (rural 26%) and others (6 per cent) (rural 1%). The method of physical distribution played very vital role in company's success and failure in the market.

Transportation is among the major functions of physical distribution. Transport adds time and place utility for the product.

Objectives of the study

The study namely "A Comparative Study on Consumer Perception towards Carbonated Beverage Industry, With respect to Coca-Cola and Pepsi Co" is carried out with the following objectives.

- To examine the customers perception towards Coco-cola and Pepsi.
- To identify the factors influencing consumer preference towards Coco-cola and PepsiCo products.
- To understand the impact of advertisement on consumer buying pattern.
- To assess the combined effect of factors on consumer preference towards carbonated drinks (Coco-cola and PepsiCo products) with respect to demographic characteristics.
- To study and analyze consumer preferences & lifestyles in accordance to soft drinks.

Significance of the study

Today's market scenario is quite different from traditional one. People have become more educated and aware and are always looking for qualitative products. Their tastes and preferences keep changing from time to time. This study is mainly targeted to the objective where we can have the idea that what are those factors a customer or a consumer looks before purchase of a carbonated beverage, and if we will have a clear picture regarding the need of the customers then we can bring changes or add new features to the product to satisfy their needs. The study will help the retailers and manufacturers of soft drinks to understand the underlying factors relating to consumer preferences help them to craft their marketing strategies. Profiling customers by their choice of preferences provide more meaningful ways to identify and understand various customer segments and marketing strategies.

Research methodology

Research is both qualitative and quantitative. Both primary and secondary data has been used for conducting the study. Survey method has been used and the data is gathered with the help of well-structured questionnaire. Closed ended questions were used to gather the information from sample population. The quantitative method involved 200 participants consisting of people of all age groups. The secondary data was collected from the company's website about the company. The data was collected to know about the company's information like mission & vision, and company's profile, company's turnover. Also collected information from various websites thus, secondary data from Internet was useful. Convenience sampling method has been used under this study and the sample comprised of residents in the cities of Vijayawada and Guntur of the state of Andhra Pradesh. Research design is the framework or blue print of a study that helps to collect and analyze the data. The research design undertaken in this study

is exploratory in nature, i.e. to discover the potential opportunities.

Analysis of data

Cross table test 1(Age and Purchasing Criteria)

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age * purchasing criteria	200	100.0%	0	.0%	200	100.0%

Age * purchasing criteria Crosstabulation							
Count							
		Purchasing Criteria					Total
		Taste	Brand	Quality	Availability	Not Preferred	
Age	15-20yrs	27	4	2	2	2	37
	20-25yrs	56	12	7	0	25	100
	25-30yrs	14	2	0	7	4	27
	30-35yrs	23	0	3	0	0	26
	35yrs and above	0	6	0	0	4	10
Total		120	24	12	9	35	200

Interpretation: In the age group of 15-20yrs, 37 members were questioned in which 2 do not prefer soft drinks at all. Out of the remaining members 27 prefer taste, 4 prefer brand, 2 prefer quality and 2 prefer availability. In the age group of 20-25yrs, 100 members were questioned in which 25 do not prefer soft drinks at all. Out of the remaining members 56 prefer taste, 12 prefer brand, 7 prefer quality and no preference for availability.

In the age group of 25-30yrs, 27 members were questioned in which 4 do not prefer soft drinks at all. Out of the remaining members 14 prefer taste, 2 prefer brand, preference of quality 0 and 7 prefer availability.

In the age group of 30-35yrs, 26 members were questioned in which 2 do not prefer soft drinks at all. out of the remaining members 23 prefer taste, brand preference 0, 3 prefer quality and no preference for availability.

In the age group of 35yrs and above, 10 members were questioned in which 4 do not prefer soft drinks at all. All remaining members have preference for brand and no preference for quality availability and taste.

Cross table test-2(gender and purchase criteria)

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Gender * purchasing criteria	200	100.0%	0	.0%	200	100.0%

Gender * Purchasing Criteria CrossTabulation							
Count							
		Purchasing Criteria					Total
		Taste	Brand	Quality	Availability	Not Preferred	
Gender	Male	66	22	10	7	5	110
	Female	54	2	2	2	30	90
Total		120	24	12	9	35	200

Interpretation: A sample of 200 members were taken in which 110 are male and 90 are female, in which 35 do not prefer soft drinks at all and percentage of female is more in this. Out of all male respondents 66 prefer taste, 22 prefer brand, 10 prefer quality and 7 prefer availability. Out of all female respondents 54 prefer taste, 2 prefer brand, 2 prefer quality and 2 prefer availability.

Cross table test -3 (Age and Advertisement)

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age * impact of advertisement	200	100.0%	0	.0%	200	100.0%

Age * Impact of Advertisement CrossTabulation							
Count							
		Impact of Advertisement					Total
		Very High Influence	High Influence	No Influence	Low Influence	Not Preferred	
Age	15-20yrs	14	9	10	2	2	37
	20-25yrs	21	38	8	8	25	100
	25-30yrs	2	21	0	0	4	27
	30-35yrs	6	16	0	4	0	26
	35yrs And Above	3	3	0	0	4	10
Total		46	87	18	14	35	200

Interpretation: Among the respondents of the age group 15-20 years are very highly influenced by advertisements. In remaining age group respondents expressed that they are highly influenced by the advertisements of soft drinks. So the overall influence of advertisement on the decision making process of the target market is high which indicates that the manufacturers have to plan their advertisement strategies with care in order to win the market.

Cross table test -4(gender and advertisement)

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Gender * Impact Of Advertisement	200	100.0%	0	.0%	200	100.0%

Gender * Impact of Advertisement Crosstabulation							
Count							
		Impact of Advertisement					Total
		Very High Influence	High Influence	No Influence	Low Influence	Not Preferred	
Gender	Male	44	43	6	12	5	110
	Female	2	44	12	2	30	90
Total		46	87	18	14	35	200

Overall both the genders are highly influenced by advertisements.

Cross table test-5(age and amount spent per month)

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age * Amount Spent Per Month	200	100.0%	0	.0%	200	100.0%

Age * Amount Spent Per Month Crosstabulation								
Count								
		Amount Spent Per Month						Total
		<Rs100	Rs100-500	Rs500-1000	Rs1000-1500	>Rs1500	Not Preferred	
Age	15-20yrs	8	13	9	0	5	2	37
	20-25yrs	32	35	5	0	3	25	100
	25-30yrs	8	13	2	0	0	4	27
	30-35yrs	3	17	3	3	0	0	26
	35yrs And Above	0	0	0	0	6	4	10
Total		51	78	19	3	14	35	200

Interpretation: In the age group of 15-20yrs, 37 members were questioned in which 2 do not prefer soft drinks at all .out of the remaining members 8 spent less then 100 Rs,13 spent Rs100-500, 9 spent Rs.500-1000, none spent in between 1000-1500 and 5 spent greater then Rs.1500.

In the age group of 20-25yrs, 100 members were questioned in which 25 do not prefer soft drinks at all .out of the remaining members 32 spent less then 100Rs, 35spent Rs100-500, 5 spent Rs500-1000, none spent in between Rs1000-1500 and 3 spent greater then Rs1500.

In the age group of 25-30yrs, 27 members were questioned in which 4 do not prefer soft drinks at all .out of the remaining members 8 spent less then 100 Rs,13 spent Rs100-500, 2 spent Rs500-1000, none spent in between 1000-1500 and greater then Rs1500.

In the age group of 30-35yrs, 26 members were questioned out of which 3 spent less then 100Rs, 17spent Rs100-500, 3 spent Rs500-1000, 3 spent in between Rs1000-1500 and none of them spent greater then Rs1500.

In the age group of 35yrs, 10 members were questioned out of which 4 do not prefer soft drinks at all. And 6 spent greater then Rs1500.

Cross table test-6(gender and amount spent per month)

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Gender * amount spent per month	200	100.0%	0	.0%	200	100.0%

Gender * Amount Spent Per Month Crosstabulation								
Count								
		Amount Spent Per Month						Total
		<Rs100	Rs100-500	Rs500-1000	Rs1000-1500	>Rs1500	Not Preferred	
Gender	Male	31	42	15	3	14	5	110
	Female	20	36	4	0	0	30	90
Total		51	78	19	3	14	35	200

Interpretation: A sample of 200 members were taken in which 110 are male and 90 are female, in which 35 do not prefer soft drinks at all and percentage of female is more in this. Out of all male respondents 31 spent less then 100, 42 spent Rs100-500, 15 spent Rs. 500-1000, 3 spent Rs1000-1500, and 14 spent more than 1500. Out of all female respondents 20 spent less then 100, 36 spent Rs100-500, 4 spent Rs. 500-1000 and no one spends in the range of Rs 1000-1500&above.

Cross table test-6 (Acceptability of Taste and Purchasing Criteria)

Acceptability of Taste * Purchasing criteria Cross Tabulation							
Count							
		Purchasing criteria					Total
		Taste	Brand	Quality	Availability	Not preferred	
Acceptability of taste	Coca-cola	74	19	10	6	0	109
	Pepsi	9	0	0	3	0	12
	Both	18	3	2	0	0	23
	Others	16	2	0	0	0	18
	None	3	0	0	0	0	3
	Not preferred	0	0	0	0	35	35
Total		120	24	12	9	35	200

Chi-square test (purchase criteria and taste)

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
acceptability of taste * purchasing criteria	200	100.0%	0	.0%	200	100.0%

Interpretation

H0: There is no significant relationship between purchase criteria and taste.

H1: There is a significant relationship between purchase criteria and taste.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	222.070 ^a	20	.000
Likelihood Ratio	206.580	20	.000
Linear-by-Linear Association	150.767	1	.000
N of Valid Cases	200		

a. 21 cells (70.0%) have expected count less than 5. The minimum expected count is .14.

From the above table Pearson chi-square value is 222.070.

The $p < 0.05$ so null hypothesis is rejected and alternative hypothesis will be accepted. This reveals that there is a significant relationship between the purchase criteria and taste, which indicates that preference of the consumer, is influenced by the quality, brand image and availability of the soft drink which in turn determines the loyalty of the consumers.

RESULTS

- There is huge Market potential for soft drinks. Out of the two soft drinks under study, Coca – cola has more demand than Pepsi.
- The findings show that there is a significant relationship between purchase criteria and taste. This is mostly observed among youth (people in the age group of 20 – 25 years).
- Majority of the consumers of the soft drinks belong to the age group 20-25 years.
- Among the sample respondents', majority of male respondents have exhibited interest towards consumption of soft drinks.
- Among the respondents who showed disinterest towards consumption of soft drinks majority are females.
- Both the genders are equally influenced by advertisements of Pepsi and Coca-Cola.
- Both the genders have shown preference towards taste as purchase criteria.
- Male respondents spend more on soft drinks than female.
- Pet bottles are the preferred variant of consumption.
- Place of consumption is not an issue because equal preference is given for consumption at outlets and take home.
- The people of age group 20 – 25 years give preference to taste while purchasing.
- Older people give preference to brand while purchasing of soft drinks.
- Availability is the least preferred criteria for purchasing.
- The availability of coke is considered to be excellent whereas the availability of Pepsi is just good enough.
- Majority of respondents are satisfied with the taste of Coca- Cola.
- Majority of respondents opined that Coco- cola quenches thirst in a better way than Pepsi.

Suggestions

- Pepsi should improve the after sale service and also focus on the delivery of the stock in shortest possible time to the retailers.

- Manufacturers of both the soft drinks should emphasize on business promotions among retailers to ensure low degree of brand switch.
- Providing updates on new products would increase the relationship with retailers.
- Effective promotion should be adopted through various channels of communication to ensure high degree awareness among retailers.
- Coca-Cola should effectively concentrate on rural market and increase the sales and distribution in villages. Pre-sales officers should penetrate sales by pull strategy.
- Pepsi has to work more strategic to compete with Coke & to lead the market in the study area.

Conclusion

According to this research 116 respondents preferred to drink coca cola out of 200 among others. One of the reasons is that people like Coca cola as it taste is very good. Another reason is that Coke also acts as refreshment to sample which influenced the sales of these two competing brands. Taste is also very important factor that influence to choose their preferred brand. Frequency of advertisement is also important factor for coke customer to choose their brand. It is also noticed in the study that promotion scheme & discount are also important to purchase their preferred brand. Majority of respondents come to know about the soft drink brands through advertisement on TV so promotion through Television is the most preferred mode of reaching their target market along with the Point of Purchase Displays.

As per the present study availability is less important factor to choose the preferred brand. If the brand preferred by them is not available in the nearest outlet then the sample respondents expressed that they approach another outlet for their brand. Among the sample respondents, consumers of both Coca Cola and Pepsi are giving importance to the brand ambassadors and Promotional activities undertaken by these two manufacturers. Coca cola customers think that it is not only used to fill their basic thirst but also for refreshment while Pepsi cola customer think that their preferred cola is important because it fill their basic thirst. Thus Pepsi has to be more competitive and strategic in attracting target market in a more efficient manner and to lead the market in the cities of Vijayawada and Guntur of Andhra Pradesh State.

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