**A STUDY ON**

**COMPETITIVE ANALYSIS**

**ON PEARL BOTTLING PVT.LTD**

A Project report submitted to Dr.B.R. Ambedkar University,

Srikakulam in partial fulfillment of the requirements for the award

of the degree of

**BACHELOR OF BUSINESS ADMINISTRATION**

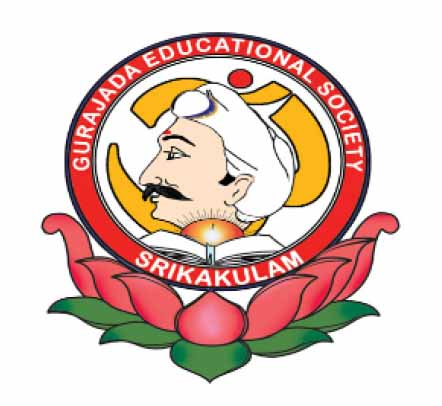
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**Department of Commerce and Management Studies**

**GAYATRI COLLEGE OF SCIENCE & MANAGEMENT**

(Affiliated to Dr. B.R. Ambedkar University, Etcherla Srikakulam)

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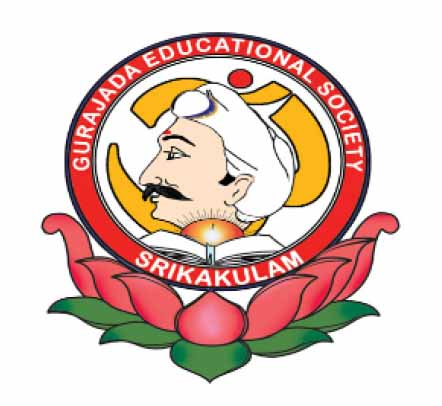
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**2015–2018**

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**CERTIFICATE**

This is to certify that the project work entitled **"COMPETITIVE ANALYSIS”** with reference to **PEARL BOTTLING PVT. LTD,** being Submitted by **KIRAN KUMAR MISRO** in partial fulfillment for the award of Degree of **BACHELOR OF BUSINESS ADMINISTRATION** during the year 2015-2018 in **Dr.B.R.AMBEDKAR UNIVERSITY**, Srikakulam is a bonafide work carried out by him under my guidance and supervision.

Place: Munasabpeta

Date: Project Guide,

**DECLARATION**

I the undersigned hereby declare that the project report entitled **"A STUDY ON COMPETITIVE ANALYSIS"** with reference to **PEARL BOTTLING PVT.LTD.** Visakhapatnam, written and submitted is based on the data collected by me and not been submitted earlier to any University or Institute for the award of any degree or diploma.

PLACE: -**KIRAN KUMAR MISRO**

DATE:

**ACKNOWLEDGEMENT**

With the active support, assistance and timely guidance of my teachers, company staff and well-wishers only, I would be able to do this project work. It is my profound duty to acknowledge all those who render their valuable and generous help in their own ways.

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**-KIRAN KUMAR MISRO**

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**INTRODUCTION**

# Competitive Analysis

Identifying your competitors and evaluating their strategies to determine their strengths and weaknesses relative to those of your own product or service .A competitive analysis is a critical part of your company marketing plan. With this evaluation, you can establish what makes your product or service unique--and therefore what attributes you play up in order to attract your target market.

Competitive analysis plays an important role in shaping the marketing strategies of many brands. Brand’s rank in a market helps reveal company’s strengths and shortcomings. For many companies, however, competitive intelligence is, at best, incomplete. Measuring a brand in a bubble ignores the fact that new products will always emerge in company category. Non-traditional competitors constantly fight for share of mind, share of heart, and share of wallet of company’s customers. Unless a company consider the broader competitive space, it is often too late to correct the business’ course when threats from new competitors surface. Time and time again, market experienced brands such as Google (in online search and smart phone industries), PayPal (in payments), Virgin Airlines (airline) and Fab.com (shopping) disrupt industries because the incumbents didn’t pay attention.

# Advantages of Competitive Analysis

Competitive analysis is a process of systematically comparing your company, products and services against significant competitors within your industry. This is an important part of strategic planning, which is used to establish company goals, strategies and tactics. Top managers normally conduct formal strategic planning meetings at least once a year but may review competitors more often when competition is heavy.

Companies that don't use competitive analysis have little else to go on regarding competitor happenings than assumptions. Unfortunately, assumptions are often wrong and can be costly in business. By analyzing what competitors are doing, you can get more researched and factual data about their products, services, company and product strengths, market share and customers. This data aids in assessing your relative strengths and weaknesses and in developing business and marketing strategies that combat or better competitor offerings.

Market positioning is the use of product development and promotion to create a differentiation product that appeals to targeted customers. With competitive analysis, you can learn the benefits customers believe separate your company and products from competitors. These distinct benefits provide footing to build a brand image and market position where customers with particular needs seek the unique value proposition you offer. An all-natural foods store, for instance, could leverage its benefits to position effectively within the population of more health-conscious consumers.

Proactive companies can also use regular competitive analysis to improve product and service offerings. In some cases, analysis reveals that your business lacks in either company policies and practices or product performance. Findings of weaknesses in areas that you need strength can provide motivation to enhance your offering. A service provider may discover, for instance, that its service policies are behind competitors and not up to par with customer expectations. This may prompt reworking of customer service policies and employee training.

Success in a given market or with a product launch often comes down to timing. Some companies aim to be the first-mover, meaning they want their products on shelves first. Others opt for a second-mover position. They want to see how the market reacts and time a product launch shortly after. Competitive analysis allows you to put together a schedule of product launches for competing brands, which is useful in establishing a timeline for your own project development and product launches.

**India Carbonated Drinks**

The beverage market in India is bifurcated mainly into alcoholic and non – alcoholic beverage. The further segmentation of non – alcoholic beverage in India comes out to be of carbonated and non – carbonated beverage. The main segments that are observed in the non- carbonated non – alcoholic segments comprises of juices, bottled water, energy drinks, ready to drink tea and coffee, flavored milk, malted drinks and other drinks that are available. The carbonated drinks are segmented into cola flavored drinks, lime- lemon flavored drinks, orange flavored drinks and others. The report covers the detailed insights of the carbonated drinks market in the global and the Indian market. The report covers the Indian fizzy drinks market in a detailed segmental analysis with the value and volumetric analysis.

The other part of the duopoly in the global carbonated drinks market is handled by PepsiCo Inc. The Coca-Cola Company has historically been considered PepsiCo's primary competitor in the beverage market. There are many players operating from a smaller level and contributing to the segment. But brand awareness in case of these players is the lowest. Due to these factors they are not globally recognizable like the above mentioned foreign players. The industry does not face any major threats from new entrants because Coca Cola and PepsiCo each have an extensive bottling and distribution network and huge economies of scale. According to “India Carbonated Drinks Market Overview”, Carbonated or aerated drinks account for more than 40 percent of the total non-alcoholic beverages market in India. A carbonated drink which comes out very cheap is one of the products that go with every segment of people in India. Many brands that are present in the Indian market are Thums Up, Coca Cola, Pepsi, Sprite, Fanta, Limca, Mirinda etc.

**NEED FOR THE STUDY**

* In the present scenario the competitions between the soft drinks increased very high. The companies are struggling a lot to keep up their market share in the industry and to improve the sales of their products i.e.
* The turnover of the company. For this the company has to know their position in the market and the opinion and the loyalty of the customers and the retailers when compared to their competitor.
* Because of this reason the comparative analysis is very important and useful to the Company. By the use of comparative analysis, the companies can understand the position of the company and the strength of the company in the market.
* Through the comparative analysis we can understand that what strategies the competitors are using for the increase their sales volume.
* From the study we can gather the information regarding the opinion of the retailers on the companies comparatively and this will help to plans for the future to increase the performance of the company and to gain the loyalty of the retailers when compared to the competitors.

**OBJECTIVES OF THE STUDY**

Present study entitles a study on competition analysis with reference to Pepsi and Coca cola has undergone to realize following objectives.

* To study the topic Competition analysis
* To study the overview of Pepsi and coca cola Companies.
* To know and compare the merchandising of Pepsi and Coke in retail outlets.
* To identify the retailer’s opinion towards Pepsi products when compared to coke products.
* To offer some finding and suggestions to the company for the improvement of its performance

**METHODOLOGY OF THE STUDY**

Marketing research is the “Systematic design, collection, analysis, and reporting of data and finding relevant to a specific Marketing situation facing the company’

Date collection is the most important task for a company to stay in the market for long time. The accuracy of the collected data is of great significance for drawing correct and valid conclusions from the investigation. Data can be collected in territorial sources.

**They are as follows.**

• Primary data sources

• Secondary data sources

**Primary Data: -**

The primary data is the first-hand information which has-been collected as follows. A set of structured with fourteen questions was utilized for the project.

**Secondary Data: -**

Secondary data can be defined as data collected by someone else for purpose of solving the problem being investigated. It is second hand information, for this is referred as

a. Annual reports

b. Magazines

c. Internet

d. Company files

e. Company website.

**Sampling Method:**

Simple random sampling method has been taken to conduct this study. 200 out lets in the areas of Ram Lakshmana, Z.P.Road, G.T.Road and Palakonda Road were covered to gather sufficient information.

**Data Tabulation: -**

The data once collected will be kept in the tables, so that the customer executive officer can easily identify the sale and stock display on that particular day. The competitor’s data will also be collected and will be put in the form of tables.

**Analysis Method: -**

The data in the form of tables will be useful to analyses the market share. The competitor’s position in the market can also be analyzed with this data.

**LIMITATIONS OF THE STUDY**

While doing study competition analysis the following limitations were observed:

* Firstly the area is confined to Srikakulam city only.
* Time is the major constraint for taking necessary information.
* Lack of interest of some retailers and customers in giving answers.
* Defining the proper sample size is also one of the limitations.

**INDUSTRIAL PROFILE**

**GENESIS OF INDIAN SOFT DRINK MARKET**

India having a hot climate has always been a place of variety of drinks to cool, off from the hot sunny days. Perhaps this aspect has served as a boom to soft drinks markets that made a simple appearance to the middle of hostile people but boom gained as access that has carried over the past five decades which has also seen thumps and downs of this thirst-quenching market.

With the introduction of liberalization policies, many foreign multinationals have started business ventures in India. The first attempt to enter India market in the soft drinks market was made by Coke Pure Drinks Pvt. Ltd. Delhi was the first franchise bottles of Coca-Cola. Export Corporation in 1950 with Swedish Movement started by Janata Party CCEC was asked to reduce its foreign capital holding 40% and delivers the know how to Indian company. This refused forced CCEC to leave the country in 1977.

With the leaning of Coca-Cola, the domestic soft drinks market got a lift and is raise to capture the Indian market with Parle as the main leader, Gold spot, Thumps-up, Maaza and Kismet became a house hold name.

Its market share grew to 60% in 1991 and it emerged as the market leader. The first challenge to the supremacy of Parle brands came from Pepsi cola in May 1990 Pepsi that was in India from 1956-61 had left the country, as its products were not found acceptable to the Indian public. Pepsi Company in corporation, the 22 billion worth soft-drinks, snacks and fast foods Company has finally entered the Indian market. The Punjab Agro Industry Corporation with 36% equity and Tata Group Company Voltas with 24% equity were the promoters of Pepsi which itself had 40% equity. Later Voltas share was acquired by Pepsi leaning only 8% to Punjab Agro Industries.

The Pepsi Company has been using "LEHAR" as prefix to each of its brand names. Later it was allowed by the government to drop the prefix. Another challenge to Parle came from Coca-Cola. Thus, the Indian soft drink market was dominated by Pepsi, Parle and Coke in the ensuing days. Coca-Cola merged with Parie in the year 1993.

**SOFT DRINK BRANDS PRESENT AVAILABLE**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| S.No | Cola drink | Clear Lemon | Orange Flavor | Lemon Flavor | Mango Flavor | Soda |
| PEPSI | Pepsi | 7-UP | Mirinda Orange | Mirinda Lemon | Slice | Lehar Soda |
| COCA COLA | Coke | Sprite | Fanta | Limca | Maaza | Kinley |

**Availability**

These soft drinks are available in 200 ml, 300 ml. 500 ml 1000ml, 1500 ml and 2000 ml bottles and in 330 ml cans.

**ORGANIZATION PROFILE - PEPSI CO. INC.**

Pepsi Co. Inc. is among the most successful consumer products companies in the World, with 1998 revenues of over $22 billion and 1,51,000 employee. The company, Frito lay company, the World largest manufacturer and distributor of snack chips and Tropicana products, Inc., the World's largest marketer and producer of branded juices. Pepsi company brand names are among the best known and most respected in the World. Some of the Pepsi Company's brand names are 100 years old, but the comparison is relatively young. Pepsi company, Inc., was founded in the year i 965 through the merger of Pepsi-Cola and Frito lay. Tropicana was acquired in 1998.

Pepsi Company's success is the result of superior products, high standards of performance, distinctive competitive strategies and high indignity of its works force.

Pepsi Co. Inc., a World Head quarter is located in New York, approximately 45 minutes from New York City.

**Pepsi Cola Company**

Pepsi Company's beverages business was founded at the turn of the century by Catles Braddham, M.C. druggist who first formulated Pepsi-Cola. Brand Pepsi and other Pepsi cola products including diet Pepsi, Pepsi one, Mountain Dew, Slice and Mug brands account for nearly one third of total soft drink sales in the United States, a consumer market totaling about $56 billion.

Outside the United States, Pepsi cola company's soft drinks operations include the business of seven-up international. Pepsi cola beverages are available in about 170 countries. Pepsi cola began selling its products internationally in the year 1934 with its operations in Canada. Operations grew rapidly beginning in the 1950's. Today Pepsi-Cola products account for about a quarter of all soft drinks sold internationally. Key Pepsi-Cola international markets include Argentina, Brazil, China, India, Mexico, Philippines, Saudi Arabia, Spain, Thailand and United Kingdom.

Pepsi Cola provides advertising, marketing, sales and promotional support to Pepsi-Cola bottlers and food service customers. This included some of the World's best and most recognized advertising. New advertising and existing promotions keep Pepsi-Cola brands young. The company manufactures and sells soft drink concentrate to Pepsi-Cola bottlers. The company also provides fountain beverages products.

**History**

Pepsi has one of the most intriguing histories of any product on the market. From its humble beginnings the people of Pepsi make the story what it is - including its inventor, customers, competition, corporate managers, salesmen, distributors, cartoon spokes-persons and including some of the biggest names in entertainment history. There have been good times and bad times - -plus lots and lots of changes over the years.

**Pepsi Phrases:**

The Pepsi marketing phrase has also changed many times. The market: folks at the company felt free to invent new phrases whenever they thought the pub would be receptive to the change.

* **1950:  “More Bounce to the Ounce”**
* **1950–1957:  “Any Weather is Pepsi Weather”**
* **1957–1958:  “Say Pepsi, Please”**
* **1961–1964:  “Now It’s Pepsi for Those Who Think Young”**
* **1964–1967:  “Come Alive, You’re in the Pepsi Generation”**
* **1967–1969:  “(Taste that beats the others cold) Pepsi Pours It On”.**
* **1969–1975:  “You’ve Got a Lot to Live, and Pepsi’s Got a Lot to Give”**
* **1977–1980:  “Join the Pepsi People (Feeling Free)”**
* **1980–1981:  “Catch That Pepsi Spirit”**
* **1981–1983:  “Pepsi’s got your taste for life”**
* **1983–1984:  “Pepsi Now! Take the Challenge!”**
* **1984–1988 and 1990-1991:  “Pepsi. The Choice of a New Generation”**
* **1989:  “Pepsi. A Generation Ahead”**
* **1991–1992:  “Gotta Have It”/”Chill Out”**
* **1992:  “The Choice Is Yours”**
* **1992–1993:  “Be Young, Have Fun, Drink Pepsi”**
* **1993–1994:  “Right Now”**
* **1994–1995:  “Double Dutch Bus”**
* **1995:  “Nothing Else is a Pepsi”**
* **1995–1996:  “Drink Pepsi. Get Stuff”**
* **1996:  “Change The Script”**
* **1997–1998:  “Generation Next”**
* **1998–1999:  “It’s the cola” (100th anniversary commercial)**
* **1999–2000:  “For Those Who Think Young”/”The Joy of Pepsi-Cola”**
* **2003:  “It’s the Cola”/”Dare for More”**
* **2006–2007:  “Why You Doggin’ Me”/”Taste the one that’s forever young”**
* **2007–2008:  “More Happy”/”Taste the one that’s forever young”**
* **2008:  “Pepsi is #1”**
* **2008–present:  “Something For Everyone”**
* **2009–present:  “Refresh Everything”/”Every Generation Refreshes the World”**
* **2010–present:  “Every Pepsi Refreshes The World”**
* **2011–present:  “Summer Time is Pepsi Time”**
* **2011–present:  “Born in the Carolinas”**
* **2012:  “Where there’s Pepsi, there’s music” – used for the 2012 Super Bowl commercial**
* **2012:  “Live For Now”**
* **2012:  “Change The Game”**
* **2012:  “The Best Drink Created Worldwide”**

[](http://www.gmdist.com/2012/12/11/pepsi-slogans-and-logos-throughout-the-years/pepsi-3/)

**COMPANY PROFILE OF PEARL BOTTLING PVT LIMITED**

Krishna Mohan Beverages Limited (K.M.B.C) was incorporated in 1982 at Madhurawada in Visakhapatnam district of Andhra Pradesh for the purpose of manufacturing soft drinks. The company had started commercial production of Campa-Cola Products. It produces Cola, Orange and Lemon flavors under the brand names of Thrill, Rush and Spirit. It also produced McDowell Soda and Bagpiper Soda.

It produces these drinks under franchise agreements, but the company could not exist in the market due to stiff competition from Parle products. In February 1992 the company signed to manufacture and market Pepsi product under franchise agreements. Franchise is contract which gives to company the right to do the business under the name and image principals. According to this agreement, K.M.B.C. has been giant's consent.

* To manufacture soft drinks using the concentrate supplied by Pepsi Foods.
* To sell the soft drinks at prices fixed by Pepsi.
* To advertise and market within specified areas for Pepsi products.

From April 23rd, K.M.B.C. stared distributing the stocks received from Cuttack Plant, Commercial production started in K.M.B.C. from June 1992 onwards.

Initially four brands viz. Pepsi, 7-up, Mirinda, and E.V. soda were bottled and distributed whereas Slice was supplied by Cuttack plant. In May 1993, a cloudy lemon flavor called Teem was introduced which Was not very well received by consumers because of the well-established 'Limca'. In April 1998, a new cloudy lemon flavor 'MIRINDA LEMON' was introduced after discontinuing Teem.

**Description** **and Launch of Products**

|  |  |  |
| --- | --- | --- |
| **BRAND NAME** | **FLAVOUR** | **DATE** |
| Pepsi | Cola | April 1992 |
| Mirinda | Orange | April 1992 |
| 7-up | Clear Lemon | April 1992 |
| Mirinda Lime | Cloudy Lemon | April 1992 |
| Soda | Soda | April 1992 |

The company distributes its products in five districts.

They are:

* Visakhapatnam
* Srikakulam
* Vijayanagaram
* East Godavari
* West Godavari

**Financial Structure**

Any company to start and operate its business has to invest its capital in fixed assets and floating assets and also in meeting the daily requirements of the company However, depending on the nature of business and the product being offered by the company the ration of investment of capital in fixed and floating assets differ.

**PLANT LAY-OUT**

The lay-out of the bottling plant of K.M.B.C. Pepsi confirms to the products on lines lay-out. The machines and equipment have been imported from Germany, which; products the best capital equipment in the World. The machinery and all the equipment are arranged according to the sequence of operations, the machines and workers are specialized in drink industry. They are specialized in operations such as the syrup, clearing the bottles, filling the bottles, creating and sealing the bottles with crown. All these operations are carried on a continuous movement.

**Scenario of soft drinks industry in India:**

This year the season started off early with Pepsi and Coca-Cola introducing diet cans for the first time in India. By buying over local competition, the two American Cola giants have cleared up the arena and are backing all their power behind

I the Indian franchisees of their globe girdling brands. They are vying with each other to capture the market by increasing the capital base in the country. If Pepsi will be investing Rs. 300 crores, coke will be pumping in eight times as much Rs. 2,400 crores. The total investment is a size and scale that the Rs. 1.800 crores soft drinks business has never been before. Both players see an enormous potential in this country, where swigging carbonated beverages is still considered a treat, virtually a luxury.

The soft drink industry in India has annual sales exceeding Rs. 12,000 crores and most of the bottling companies have been doing flourishing business. In the past five years all the bottling companies have grown and expanded their activities in the market and by placing more and more of their soft drink cases in the market and by improving refrigeration, supply of electric bottle coolers, etc., to the retailers. Rapid changes in beverages packaging, taste and concentration is changing the industry into a dynamic one liking for non-conventional foods and beverages there is good possibility that per capita, consumption will go up.

Soft drinks some mainly in three flavors, Cola, Lemon and Orange. According to estimates, cola dominated the market with 40% market share. Lemon flavored drinks come second with 30% market share and Orange flavored drinks third with a 20% market share. Other flavors account for the rest of the market.

Also, the Government of India considers soft drinks as non-essential commodity. Thus, heavy excise duty is levied on bottled soft drink.

In a country like India where more than 70% of the population exists below the poverty line, the trading activities of soft drinks industry is concentrated in and around big and cities where the purchasing power of people is considered to be comparatively high.

Consequently, by World standard, India's per capital consumption of these servings is rock bottom, less even than our neighbors Pakistan and Bangladesh.

|  |  |  |
| --- | --- | --- |
| **Country** | **Per Capital 1990** | **Intake (Bottles) 1993** |
| India | **3.7** | **5.3** |
| Pakistan | 13.0 | **30.3** |
| Bangladesh | **7.0** | **11.0** |

The low consumption of soft drinks in India may be attributed to the fact the orices of soft drinks are inflated due to high excise duties and taxes. A bottler must pay much as 37% of price per case as excise duty, sales and turnover tax. A further 10% goes into expenditure on local advertising and sales promotion. Distribution and transportation cost take care of another 10% raw material costs, concentrate sugar, citric acid, bottle costs, etc., eat off another 13%. Production costs in terms of fuel, power maintenance and labour accounts for another 14%. This leaves the bottlers a margin of a 14% and 4% of this would go into over- heads and interest charges, trimming down the margin to shrimphy 4%-5%. Since the retail price of a bottle of a 200ml soft drink ranges between Rs.5 to 6, 300ml soft drink ranges between Rs.9 to 10. A bottling operation is variable only with large volumes. However, the cola giants feel that per capita consumption can only go up and up. As incomes, so do lifestyles, a pattern they have seen in many of the 195 countries they sell their universal products in.

The fizzy drinks industry longs in a 10% growth on an average with estimated sales of 140 million cases (one case 24 bottles on 300 ml each). There are heady growth figures the industry was both surprise by and unprepared for.

Bottles are disappearing from the shelves faster than they can be replaced. In peak season, they found themselves short of capacity. Even though they were working three shifts a day that is round the clock production. They had to turn around their trucks faster to satisfy the great Indian thirst.

Industry sources put down the main reason for growth as highly competitive activity. Certainly, until Coco-Cola entered the scene, the business was growing at affairly pace of 5%. The increase in the number of cases reflects higher demand, but does not quite accurately measure the fact that so many more liters of the fizzy stuff is being sold but bottles sizes too been appeared from 250ml to 300ml. With growth rate zooming into double digits, bottlers have been propelled into expanding capacities.

With their big-Time pans, the MNCs have changed the face of this business, long dominated by small time business men. The Cola makers with their ambitious target sand in order to reach them have to build capacity, infrastructure and also make their bottles more available and affordable. There are 3,00,000 retailers stocking soft drink sin India. Also soft drinks which retail anywhere between Rs.9.00 and 10.00 is expensive when measured against purchasing power. According to our study, it takes an Indian 1.5hours of work to be able buy a bottle, in other countries the norm being only 5 minutes.

As the soft drink manufacture concur their strategies, keeping an eye on each other, the clear winner of the soft drinks is so fat the consumer.

**Modern Manufactures**

The Delhi based public sector under taking launched cola drink under brand name of "77' (Double Seven) in 1977. It has launched Orange and Lemon flavors.

**Pepsi Foods HP) Ltd**

Pepsi, which was in India from 1956-61, had left this country, as its product were not acceptable to the Indian Public. But in 1990 it entered the Indian market in-collaboration with Punjab Agro Industries Corporation (PAIC) and Voltas. Pepsi produces Cola, Mango, Orange, clear Lemon and Cloudy Lemon flavors under the brand names of Lehar Pepsi, Slice, Mirinda , Lehar 7-up and teem respectively. Recently, Pepsi Company has acquired the Dukes Company of Bombay.

**Coca-Cola Parle**

Coca-Cola Export Corporation which left India in 1977 has re-entered Indian soft drink. It has tied up with the Parle group, which owns Thumps-up, Limca, Maaza, Citra and Gold-Spot. Coca-Cola along with its original brands Coke, Fanta is maintaining even the Parle's brands of soft drinks.

**Cadbury Schweppes**

Schweppes has launched 3 brands in (1995) four months and in Delhi, their Orange Crush has picked up a 30% market share against Coke's Fanta, Pepsi and Mirinda. The other two brands at Canada Bry and Schweppe Tonic water Sunkist. This British beverage gains also has stake in Dr. Pepper's.

**Background**

Non-alcoholic soft drink beverage market can be divided into fruit drinks and soft drinks. Soft drinks can be further divided into carbonated and non-carbonated drinks. Cola, Lemon and Oranges are carbonated drinks. Whole Mango drinks come under non-carbonated category. The soft drinks market till early 1990's was in hands of domestic players like Campa, Thums-up, Limca etc., but with opening up of economy and coming of MNC players Pepsi and Coke the market has come totally under their control. While Worldwide Coke is the leader in carbonated drinks market in India, it is Pepsi which scores over coke but this difference is fast decreasing (courtesy huge Ad -spending by both the players).Pepsi entered Indian 1993. Pepsi has been targeting in products towards youth and it has struck right chord with the market and the sales have been doing well by sticking to this youth band Wagon. Coke on the other hand struggled initially in establishing itself in the market. Ina span of 7 years of its operations in the country it changed its CEO four times but finally .they started understanding the pulse of Indian consumption. Fountains also dispense them in disposable containers.

**Segmentation:**

The soft drink market can be segmented as the basis of place of consumption on the basis of type of products. The segmentation as the basis of place of consumption divides the market into two parts: -

* On premise 80% of the consumption of soft drinks on premise i.e., restaurants, railway stations, cinema etc.
* At home the rest 20% of the market compromises of the soft drink purchased for consumption at home. The market channels can segmented on the basis of types of products into cola products non-cola products.
* Cola products account for nearly 61-62% of the total soft drinks market. The brands that fall in this category are Pepsi, Cola-Cola, Thums-up, Diet Coke, Diet Pepsi etc.
* Non-Cola segment which constitutes 36% can be divided into 4 categories based on the types of flavors available namely:

Orange ,Cloudy Lime, Clear Lime & Mango

* Orange flavor based soft drinks constitute around 17% of the market. The segment is largely dominated by national brands like Fanta as Cola-Cola and Mirinda Orange of Pepsi co, which collectively form 15% of the market rest of the market is in hands of smaller brands like 'Crush' (Earlier of Cadbury Schweppes and now of Coca-Cola), 'Gold Spot' etc.
* Cloudy Lime: flavor constitutes 14% of the market and is largely dominated by Limca of Cola-Cola and Mirinda Lemon of Pepsi Co. Limca is the market leader with around 70-75% of the market followed by Mirinda Lemon.

**Clear Lime:**

This segment o9f the market witnessed good growth initially with all the players launching their brands in the segment. But now the growth in the segment has slowed down. The brands available in this segment are 7-Up of Pepsi, Sprite of Coca-Cola and Canada Dry (earlier of Cadbury Schweppes and now of Coca-cola). The segment constitutes 3% of the total soft drinks market. Mango:

This flavor segment constitutes 2%of the total soft drinks market and it directly competes with mango based fruit drinks like frouty. The leading brands in. this segment are Maaza of Coca-Cola, Mango (earlier of Dukes now Pepsi Co.) and Slice of Pepsi Co.

There if very thin line of difference between the Clear and Cloudy Lime. The most obvious features are that Clear Lime has to be bottled in green bottles as sunlight harms the drink and changes the taste. There are some small locals' brands at city or regional levels. Most of these are either merging with the two big players (Coca-Cola, Pepsi) or they command a very small-less than 3% of the total market in their respective areas.

**Market size** **and Growth**

|  |  |
| --- | --- |
| **YEARS** | **BOTTLES(MN)** |
| 1988-89" | 1968 |
| 1989-90 | 2070 |
| 1990-91 | 2195 |
| 1991-92 | 2490 |
| 1992-93 | 2800 |
| 1993-94 | 3000 |
| 1994-95 | 3240 |
| 1995-96 | 4450 |
| 1996-97 | 4920 |
| 1997-98 | 5670 |
| 1999-00 | 6480 |
| 2000-01 | 7000 |

Soft drink market size for FY 2000 was around 270 mm cases (648mn bottles). The market, which was witnessing 5-6% growth in the early 90's. And even j slower growth at around 2-3% in late 80's. Presently the market growth has slowed down with growth rate of 7-8% per annum compared to 22% growth rate in the previous year. The market size for FY2001 is expected to be 7000 million bottles. The market growth of 22% till last year has got stifled due to high excise duty of 40% leading to higher price of the end product. **MARKET CHARACTERISTICS**

The soft drink market is highly skewed in terms of places of consumption, in terms of regional distribution of soft drink flavor as well as in terms of SKUS. While 80% of the consumption in impulse based outside home 20% come from consumption at home. This trend is slowly changing with increase in occasion bed sales. Changing life style, increasing urbanization and impact of liberalization has slowly and gradually started moving the market from impulses to occasion led and has refrigeration led consumption.

The market preference is highly regionally based. While cool drinks have main markets in metro cities and northern states of UP, Punjab, Haryana etc., Orange flavored drinks are popular in southern states. Sodas too are sold largely in southern states besides sales through bars. Western markets have preference towards mango-flavored drinks. Diet coke presently constitutes just 0.7% of the total carbonated J beverage market.

In terms if SKUS the market is skewed towards 300 ml which constitutes around 80-85% of the market, rest is the form of other pack sizes, but with increasing occasion led and home refrigeration led consumption the sales of bigger SKUS like more than 1 liter. Pack sizes has increased this has led to increase in contribution from PET bottle sales to 15% of the total turnover in FY00, and most of these PET bottle sales, up to 75% are in urban areas.

Another skewness is in terms of the time of the year when the consumption takes places. Most of the sales of soft drinks take place during summers while just 5-6% °1 total sales take place in winter. In summer the high season lasts 70-75 days, which contributes more than 50% of the total yearly sales.

The distribution network of Coca-Cola had 6.5 lacks outlets across the country-in FYOO which the company is planning to increase to 8 lakhs by FY01. On the other hand Pepsi Co's distribution network had 6 lakhs outlets across the country during FYOO, which it is planning to increase to 7.5 lakhs by FY01. Major Players and Market Shares

The soft drink market in India is dominated by the two global majors Pepsi and Coca-Cola. Coca-Cola, which had winded up its India operations during the introduction of the FERA regime, reentered India 16 years later in 1993. Coca-Cola acquired a major chunk of the soft drink marked by buying out local brands Thumps-up, Limca and Gold spot from the Parle Beverages, i Coca-Cola had also acquired Cadbury Schweppes soft drinks brads crush, Canada Dry and sport cola in early 1999 and now recently in Oct 2000 it acquired distribution rights j of these brands from IFB Agro limited. Pepsi although started a couple of years before Coca-Cola in 1991 has a lower market share today. It has bought over Mumbai based Duke's range of soft drink brands. Both the cola manufacturing come up with their own market share figures and claim to have increased its market share for first five months of calendar year 2000, to 49% from earlier levels of 47.3%. While coke claims to have increased it's in the market to 57% in the same period from 55% in the corresponding period last year. Coke figures are based on ORG's date while that of Pepsi are based on IMRG data.

**Market Share (in** %)

|  |  |  |
| --- | --- | --- |
| **Brand** | **Ms(org)%** | **IMRB** |
| Pepsi | 41% | 49% |
| "Coca-Cola | 57% | 48% |

**Advantages and Limitations of Franchise Network**

**Advantages**

* Reduced investment levels in manufacturing equipment
* Savings on management time.
* Regular supply of components.
* Reduced interfacing and dealing with labor.

**Limitations**

* Large volumes.
* Financial Support.
* Quality.

**Manufacturing process**

Soft drinks may be carbonated or non-carbonated. For carbonated drinks carbonation forms a critical part of the process. In carbonation carbon dioxide is dissolved in the water, which is used in manufacturing the drink. Normally the ingredients in soft drinks are as follows-acidulant (crifnic, malic or phosphoric acid), sweetener, flavor and preservative.

**Retailer's perception**

A survey was conducted to study the retailer's opinion of the present market, future trend and the consumer behavior patterns. The bindings of the survey are as follows:

* Retailers stated that the consumers are loyal to the particular segment of the soft drink i.e. Cola, Orange or Lemon. But as far the loyality for the brands in each segment is concerned, it is not very significant,
* 43% of the retailers surveyed told that in soft drinks advertising is the key component in drinking sales. While 32% stated promotional schemes and 20% brand loyality as the reasons,
* As consumers are not very loyal where the purchase of soft drinks is concerned, the retailer push becomes a critical issue. They usually sell the product in which they get the maximum benefit. For this, the companies try to offer them higher margins. While distributors get margin of Rs. 8-9 per crate (1 crate = 24 bottles) at 3-| 4% MRP, retailers are given a margin of 10-12% of MRP.

The retailers not happy with this as the cost of refrigeration is very high for soft drinks, to overcome this problem the companies' visi-coolers schemes to their main retailers.

**MARKETING ASPECTS OF PEARL BOTTLING PRIVATE LIMITED**

**Product:**

The product being offered by P.B.P.L. is a soft drink in six flavors namely Cola, Lemon cloudy, Orange, Mango and Soda. Expect for Slice P.B.P.L. has bottling facilities for other brands. i Price

A 200ml bottle soft drink are price at 7 rupees while 300ml bottle soft drink and 300ml of Fountain Pepsi are priced at Rs9.00 while a 500ml costs Rs.20/- and 1

liter at Rs. 28/-, 1.5 liters at Rs.40/-, 2 liters

Rs.45/- where the consumer can take the bottle with the drink.

**Promotion:**

As sales promotion, the company has painted pan shops with the Pepsi logo, put up glow sign boards at important functions, pop advertising material like stickers, danglers and gifts for consumers. It has also provided special refrigerators to exclusive Pepsi retail outlets known as VISI Coolers. Packaging:

Soft drinks of different flavors are available in bottles of 200ml 300ml, 500ml, 1 liter, 1.5 liters and 2 liters. In addition it has installed nearly 80 dispensers throughout the city.

The total covered by the plant is put to around 15,000 nos., in the five districts and Visakhapatnam city contributes to 2200 out

**Percentage of Flavor Movement in Market**

|  |  |
| --- | --- |
| Cola | 46.65% |
| Orange | 19.45% |
| Cloudy Lemon | 12.44% |
| Clear Lemon | 12.22% |
| Mango | 9.22% |

During the survey it was found that the knowledge about the schemes provided by the company to the account is less. Some outlets don't know about the schemes it. The explosive growth of global trade and international competition lead to globalization which is the result of technological change. This decade has witnessed remarkable advances in the availability of information and the speed of communication. Both globalization and technological changes open up many new opportunities. Opportunities in Market place offer good marketing. Market success goes to those companies which matched to the current environmental imperatives. Today's markets are changing at an incredible pace these changes are throwing companies into a state of confusion regarding strategy. To protect their profits, companies have primarily responded by cutting those costs, reengineering their process and downsizing their work forces. Yet even companies that succeeded in cutting their costs may fail to increase their revenue if they lack marketing vision and marketing knowhow.

Marketing is said to be an orderly and insightful process for thinking about and planning for markets. The marketing process starts with researching the market place and involves supplementing the market, choosing the target market. The company must formulate a broad strategy and define a specific marketing and action plan to optimize its long-run performance.

**Product:**

Product is a key element of the marketing. Market planning beginnings with formulating an offering to meet target customer needs or wants. That offering is referred as product. Product is that what the Marketer offering to the consumer. Marketer consider the product as physical components assortment and the consumer consider the product as bundle of benefits.

Products that are marketed include physical goods, services, persons, places, organizations and ideas. Product mix is the set of all products and items that a particular setter offers for sale to buyers. A company's product has a certain width, length, depth and consistency. These four dimensions of the product provide the handles for defining the company's product strategy.

The company can expand in of the four ways.

1. The company can add new product lines.

2. The company can lengthen each product line.

3. The company can add more product variants to each product and deepen its product mix.

4. The company can pursue more product-line consistency or less.

A product consists of various product lines. A product line is a Group of product that are closely related because they perform a similar function, are sold to the same customer groups are marketed through the same channels, or fall within given price ranges. Product line analysis is made on sales and profits of that product. After performing a product line only one has to consider on product line length, line modernization line featuring and line pruning.

**Price:**

Setting one price for all buyers is a modern idea that arose with the development of large-scale retailing. Traditionally price has operated as the major determinant of buyer's choice.

Price is the only element in the marketing mix that produces revenue; the other dements produce costs. Price is the most flexible element of the marketing min, in that it can be changed quickly, unlink product features and channel commitments. At the same time pricing and price competition is the number one problems faced.

Necessary to set a price arise when the firm develops or acquires a new product for the first time or when a product is introduced into a new distribution channel or geographical area and when it enters bids on had contract work.

The firm must decide when to position its product on quality and price.

A company can position its product in any of seven levels as follows:

* Ultimate
* Luxury
* Special needs
* Middle
* Ease/Convenience
* Me too, but cheaper
* Price alone.

The company first has to decide what is wants to accomplish with its particular product offer. Marketing strategy including price will be fairly straight forward, if the company has selected its target market and market positioning carefully. The cleaner a firms objectives; the easier it is to set price.

A company can pursue any of six objectives through its pricing.

**Survival:**

* Maximum current profit
* Maximum current revenue
* Maximum sales growth
* Maximum market skimming or
* Product-quality leadership.

**Pricing Policy-Six Step Procedure:**

Selecting pricing objectives. (What it wants to accomplish with its product offer).

* Estimating demand curve
* Estimating how costs vary
* Examines competitor's costs, price and offers
* Selecting a pricing method.

Selecting the final price (taking into a psychological pricing and other marketing elements into consideration).

Companies usually do not set a single price but rather a pricing structure that reflects variations in geographical demand an costs, market segment requirements, purchase timing, order levels, delivery frequency, guarantees, service contracts and other factors. As a result of discounts, allowances and promotional support, a company rarely realizes the same profit from each unit of product that it sells. Promotion

Modern Marketing class for more than developing a good product, pricing it attractively and making it accessible to target customers. Companies must communicate with their present and potential customers, retailers, suppliers, other shareholders and the general public. Every company is inviolably cost into the role of communicator and promoter.

Promotion mix consists of five major models of communication.

* Advertising
* Sales promotion
* Public relations and publicity
* Direct marketing

**Advertising:**

Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor. It is an objective to promote sales through educating the potential customer. The advertising department's job is to propose a budget, develop advertising strategy, approve as and campaigns, and handle direct-mail advertising, dealer displays, and other forms of advertising. Advertising agencies need to redefine themselves as communication companies and assist clients in improving their overall communication effectiveness.

In developing a program, marketing managers must always start by identifying the target market and buyer motives. Then can make the five major decisions in developing an advertising program, known as "the five MS",

Mission: What are the advertising objectives?

Money: How much can be spent?

Message: What message should be spent?

Media: What media should be spent?

Measurement : How should the results is evaluated?

**THEORETICAL FRAMEWORK**

**COMPETITIVE ANALYSIS**

**Competitive analysis** in [marketing](https://en.wikipedia.org/wiki/Marketing) is an assessment of the strengths and weaknesses of current and potential [competitors](https://en.wikipedia.org/wiki/Competition_(economics)). This analysis provides both an offensive and defensive strategic context to identify opportunities and threats. Profiling combines all of the relevant sources of competitor analysis into one framework in the support of efficient and effective strategy formulation, implementation, monitoring and adjustment.

Competitor analysis is an essential component of corporate strategy. It is argued that most firms do not conduct this type of analysis systematically enough. Instead, many enterprises operate on what is called "informal impressions, conjectures, and intuition gained through the tidbits of information about competitors every manager continually receives." As a result, traditional environmental scanning places many firms at risk of dangerous competitive blind spots due to a lack of robust competitor analysis.

Competitive marketing strategies are strongest either when they position a firm's strengths against competitors' weaknesses or choose positions that pose no threat to competitors. As such, they require that the strategist be as knowledgeable about competitors' strengths and weaknesses as about customers' needs or the firm's own capabilities. This chapter is designed to assist the strategist understand how to gather and analyze information about competitors that is useful in the strategy development process. It discusses the objectives of competitor analysis and proceeds through the processes involved in identifying important competitors and information needs, gathering necessary information, and interpreting this information.

**THE OBJECTIVES OF COMPETITOR ANALYSIS**

The ultimate objective of competitor analysis is to know enough about a competitor to be able to think like that competitor so the firm's competitive strategy can be formulated to take into account the competitors' likely actions and responses. From a practical viewpoint, a strategist needs to be able to live in the competitors’ strategic shoes. The strategist needs to be able to understand the situation as the competitors see it and to analyze it so as to know what actions the competitors would take to maximize their outcomes to be able to calculate the actual financial and personal outcomes of the competitor’s strategic choices. They must be able to:

1. Estimate the nature and likely success of the potential strategy changes available to a competitor;

2. Predict each competitor’s probably responses to important strategic moves on the part of the other competitors; and

3. Understand competitors’ potential reactions to changes in key industry and environmental parameters.

What then should one expect from competitor analysis? Underneath all of the complexities and depth of competitor analysis are some simple and basic practical questions, of which the following are typical:

Which competitors does our strategy pit us against?

Which competitor is most vulnerable and how should we move on its customers?

Is the competitor's announced move just a bluff? What's it gains if we accept it at

face value?

What kind of aggressive moves will the competitor accept? Which moves has it always countered?

**IDENTIFYING COMPETITORS**

Identifying competitors for analysis is not quite as obvious as it might seem. Two complementary approaches are possible. The first is demand-side based, comprised of firms satisfying the same set of customer needs. The second approach is supply-side based, identifying firms whose resource base, technology, operations, and the like, is similar to that of the focal firm. However, the firm must pay attention not only to today's immediate competitors but also to those that are just over the horizon (such as cellphones once were to cameras, social networking sites once were to web portals, or the internet once was to video rental stores). There are three domains for recognizing the sources and types of direct and less direct competitors to which the firm must also attend.

These domains represent

1. the areas of influence,
2. the contiguous area, and
3. the areas of interest.

The area of influence is the territory, market, business, or industry in which the firm is directly competing with other firms to serve the same customer needs using the same resources. It is the arena in which Ford, Honda, Toyota, Kia, and General Motors compete with each other; where Nokia competes with Samsung and Motorola in cellphones. These are a firm’s direct competitors.

Immediately contiguous areas are those in which competition is close but indirect; comprising those firms that serve the same customer need but with different resources. Many food products fit into this category such as snack foods (potato chips versus pretzels versus peanuts), or packaging (glass versus plastic versus aluminum). They may serve the same need but through differing distribution channels (direct such as Avon versus retail such as Revlon). These are a firm’s indirect competitors...

**Identifying Competitors at the Product-Market Level**

The most direct competitor competes for the exact same customers in exactly the same way as the subject firm. It sells the same product made by the same technology to the same customers via the same marketing channels. If the firm cannot win customer patronage versus such an identical competitor, then it is unlikely that it can do any better competing against its indirect or potential competitors. Why? If the firm's exact counterpart can win in direct competition, then that same competitor should also win more against the less direct competitors.

Companies, per se, do not compete with each other in the marketplace. Rather, their individual businesses compete with each other. The strategic marketing literature denotes a business as a division, product line, or other profit center with a company that produces and markets a well-defined set of related products and/or services, serves a clearly defined set of customers, and competes with a distinct set of competitors.

A business is further defined in terms of a number of key dimensions, which reflect the ways and places in which it has chosen to compete. Primary among these are the products it offers and the types of customers to whom it chooses to sell. The products a firm offers can be defined along three dimensions: functions, technology, and materials:

Customer function is concerned with what need is being satisfied. This is the most natural way to think about a product. Electromechanical devices

Technology tells how the customer function(s) are being satisfied. For example, kitchen ranges may use two sources of thermal energy (gas or electric) or, alternatively, microwave energy to cook. X rays, computerized axial tomography (CAT scan machines), and NMR (nuclear magnetic resonance) are three different technologies used in medical diagnostic imaging.

The materials used in the manufacture of the product may also differ, producing slight differences in products that are otherwise identical. Cabinets may be made of chipboard versus plywood; bottles of glass or of such plastics as PET, polypropylene, or polyethylene; and beverage cans of aluminum or steel.

The customer group being served is a key dimension. Automobile parts manufacturers, for example, may choose to serve either the original equipment manufacturer (OEM) market or the automotive after-market, or both. One competitor may focus on serving urban markets while another serves rural markets. Wal-Mart's initial success came from its focus on serving small, rural markets that traditional discounters had thought too small and too poor to serve. In contrast, J.C. Penney has defined its customers as those households in the middle 80% of the U.S. income distribution. Lane Bryant stores cater to women in need of larger sizes. There are obviously many ways of defining a firm's targeted customer groups.

The product manager needs to understand the exact extent of competition among the products available on the market. At this level, competitors are best identified by customers – the demand side – rather than by supply characteristics. **Substitution-in-use** Current thinking about identifying the competitive structure for any given product is based on the idea of substitution-in-use. Three premises underlie the idea:

1. People seek the benefits that products provide rather than the products per se.
2. The needs to be satisfied and the benefits which are being sought are dictated by the usage situations or applications being contemplated.
3. Products and technologies are considered part of the set of substitutes if they are perceived to provide functions which satisfy the needs determined by intended

Determining a product's direct competition, then, may provide an answer that says, "It depends." It depends on

1. the number of separate and different uses or applications for the products in the market;
2. the number of different usage situations which customers encounter; and
3. user characteristics, including the number of product types or brands that a customer would evoke and choose among.5Some markets are relatively simple because the offerings within them provide only a single function for one or a few uses. Travelers checks or bathroom tissue are two such products. Other examples include home pasta makers and irons, both of which perform a specific function across a small number of different usage situations. At the other extreme are complex markets in which each customer has many uses for the product and many alternatives to consider. Snack foods or dessert foods are such. Depending on the intended usage occasion or situation, each of those product categories has many different kinds of products in competition. In the snack category, potato chips, pretzels, and various kinds of nuts, among others, compete. In the dessert realm, cakes, pies, ice cream, cookies, brownies, among others, compete. Consider the cosmetics market structure shown in

**Exhibit 1**

Consumers have a number of different need states ranging from personal expression, everyday usage, health or nourishing, reward, or special times. Depending on both their own economics and the need state, they may seek different price points and distribution outlets for their purchase. For any given need state, then, the competitive set will vary depending on price points, distribution, and exact type of outlet chosen or encountered. Consider the cosmetics brand Aveda. Aveda distributes its cosmetics and personal care products through its own stores. While its products compete at a high level with those offered by such firms as Revlon or L’Oréal, the competition is not as direct as it is between brands whose products are next to each other on the drugstore shelf .

Financial services offer a similar example. One study, for example, defined a product market to be "the set of products judged to be substitutes within those usage situations in which similar patterns of benefits are sought by groups of customers."6 In the study, upscale customers were asked to judge the appropriateness of twenty-four different financial services across each of twelve different usages situations. One such usage situation was described thus: While you are out of town on a trip you competitor is and what it is doing at the present time; dynamic analysis refers to the moves the competitor has or is making over time in its choice of products or customers or both. Customer segments may be identified by needs or the demographics tied to those need states.

Posture defines how a competitor plays in the marketplace to win customers; most importantly it is about how it differentiates itself from competitors in the eyes of customers. As with scope, it needs be both static and dynamic.

**Exhibit 2**

Lists eight of the more common means of defining how the competitor competes, such as product line width, product features, and the like. Successful competitors generally employ a number of interrelated modes to compete. Seldom is the reliance on one dominant mode (say low price, for example) a successful strategy. Goals address the why of the scope and posture strategies that a competitor uses. Goals are the end whereas scope and posture are the means to that end. While it is easy to say that the goal is to generate profit, that is an end result several steps beyond the scope and posture actions being taken. Goals may be at the highest level of the business’s intent and vision, such as Apple’s intention to integrate voice, data, and video. It may be at a lower level focusing on the short to medium term such as penetrating each major channel of distribution or the attainment of a specific gross margin objective. Or it may be even more short term as achieving market share goals, cost efficiencies, or cash flow targets. Unless the goals have been publicly announced as a signal to the marketplace or to competitors, the analysis often must infer the competitor’s goals from the flow of observable actions it has taken. At the heart of such an analysis is the question: “Why is the competitor taking the observed action?”

**EXHIBIT 3**

* Identifying How a Competitor Competes
* Modes of Competition Possible Dimensions Sample Indicators
* Product line width Breadth of product lines
* Breadth of types within lines
* Product lines and items
* Features Physical aspects of individual
* products
* Packaging
* Terms and conditions
* Shape
* Style
* Color
* Design
* Functionality Performance
* Reliability
* Durability
* Ease of use
* Taste
* Shelf life
* Speed
* Breakdowns
* Customer perceptions
* Service Maintenance
* Installation
* Help line
* Training
* Technical assistance
* Repair
* Response time
* Contracts
* Service announcements and
* programs
* Customer reports
* Speed of competitor’s responses
* Availability Distribution channels
* Amount
* Delivery
* Individual channels
* Image and reputation Image of the company
* Image of products
* Reputation for rapid response time
* Reputation for best value
* Content of advertising
* Actions and words of customers
* Third-party reports
* Selling and relationships Customer coverage
* Detailing of products
* Relationships with distributors
* Relationships with end users
* Actions of sales force
* Frequency of calls
* Judgments of channels
* Customer’s comments
* Price List prices
* Discount prices
* Price-performance
* Price-value
* Actual prices
* Channel/Customer assessments.

**SOURCE:** Liam Fahey, Competitors: Outwitting, Out Maneuvering, and Out Performing. John Wiley & Sons, Inc. 1999

**The Competitor’s Source(s) of Competitive Advantage**

Beneath a competitor’s marketplace strategy lie the organization and the functional operations and processes that make the strategy possible. If the competitor is rational, then its marketplace strategy will have been built around those functions and activities where it is competitively advantaged versus competitors.16 The ability to assess the economics of a competitor is key to competitive analysis. Incorporating knowledge about the competitor’s advantages is key to understanding its strengths and weaknesses and its likely moves in the marketplace.

Inputs are a key source of advantage in many industries. Since very few businesses are completely vertically integrated, but simply add value to purchased inputs through its operations, assessing a competitor’s costs of its raw materials is an important analysis. Identifying a competitor’s suppliers and estimating such things as transportation costs is the first step. In businesses for which labor is a large part of its cost structure, that is the second step. Labor contracts are one source of such information as are the various wage surveys available. The third element of inputs is the firm’s weighted average cost of capital (WACC). A firm with a lower WACC can invest at a lower hurdle rate – the rate of return an investment must earn to gain corporate approval – and expand faster than one with a higher WACC. Equity analysts and many financial data services calculate the WACCs of firms.

Technology is the second focus, especially in industries that are still evolving. Assessing competitors’ current operations and product technology is one step. Assessing the direction of its technology investments is the second. Many firms announce the present and future state of their technology to signal to competitors their competitive advantages. In other instances, following a competitor’s published patents and scientific publications can give the analyst good indications of its direction.

Estimating the number of R&D personnel is another common technique. As a generalization, a competitor that put more resources against a given technology will create better technology faster than competitors giving it better products and operations. Operations is the third focus. Many aspects of a competitor’s operations can be accessed simply by buying its products and examining or reverse engineering them. Quality, fit and finish, durability, and the like can give the analyst insight into aspects of its operations. In service businesses, it is not difficult to benchmark one’s own operations versus competitors to understand how customers experience those operations. Comparing the Cost of Goods Sold line of competitors’ operating statements is another route.

Products are the primary locus of marketplace strategy. There are many ways to assessing advantage of competitors’ products. The important aspect is to assess the products as customers see them. Customer surveys are a key and frequently used tool in this analysis. While many of the technical performance features are easy to measure, understanding the sources of customer value indicate what aspects of the products to analyze.

Access, Segments, and Customers are the final steps in understanding a competitor's sources of competitive advantage. Analyzing the type, number, and quality of channel members serving a competitor, and its coverage in different channels of distribution are key to assessing a competitor’s advantage. For example, Anheuser-Busch, which sells almost 50 % of the beer in the United States, has been able to attract the highest quality distributors. In fact, some 60 to 70% of those distributors carry only Anheuser-Busch products. Other brewers, therefore, are not able to attract the same quality or must settle for distributors that also sell competing beers. Knowledge of competitors’ penetration of the various segments is also important. Competitors who have a large share of growing customer segments are advantaged. Similarly, the customers a firm chooses sells to can be a source of competitive advantage or disadvantage. One supplier to the slow growing personal care market, for example, chose to target as its customers the small number of firms that were growing in the otherwise stagnant market, thereby growing while its competitors lost volume. In the early 2000s, Mitsubishi targeted the youth market in the United States with fast, small and sporty cars. Unfortunately, their customers’ credit was poor and too many defaulted on the car loans.

**Assessing and Interpreting Competitive Signals and Actions**

Competitor analysis is more than a static activity. It requires more than the creation of a comprehensive report detailing the apparent strategies of the key industry competitors. It often means having only an hour or two to interpret the meaning of a competitor's 10% across-the-board price cut and to formulate a response. It often means being able to predict the reaction of competitors to your announcement of a major joint venture with the technology leader from an adjacent industry, or to your preannouncement of a major new product.17 It means being able to understand what the leading competitor's chief executive means when quoted as saying of his company, "We must absolutely be as competitive as we possibly can." Is the message intended to rally the troops or to warn competitors?

**Interpreting Competitive Signals**

Exhibit 4 presents a representative picture of the domain of competitive signaling. Interpreting a competitor’s message requires that one simultaneously consider the form of the message, its probable function, the forum or medium in which it is communicated, and the probable veracity of the message. Prior announcements are perhaps the most often used form of competitive signaling because of their absolute versatility and ambiguity. One can announce with complete truthfulness the intention to expand capacity at some future point in time and change one’s mind at some point thereafter. Prior announcements admit to the largest range of purposes and forums.

Announcements of accomplished fact or results, on the other hand, admit to a smaller range of application perhaps, but gain in the willingness of the receiver to believe that what has been announced has actually happened. Of course, this belief does not necessarily extend to swallowing whole the exact numbers, market shares, and so forth that are offered in the announcement.

Public discussions of the state of the industry or competition within it rival prior announcements in their frequency and breadth of purpose. Speeches made at industry conferences, especially those attended exclusively by top-level executives, are carefully crafted to convey messages to participants and just as carefully dissected by rivals. Some, of course, need little interpretation. In an article in the Wall Street

Journal, a portfolio manager with large holdings of Alcatel-Lucent stock was quoted saying: “the debilitating price wars between Alcatel-Lucent and its rivals could be “stabilizing,” citing statements by Ericsson’s (an Alcatel-Lucent competitor) management that the firm wouldn’t push to gain market share in wireless equipment by cutting prices as it had early last year.”18

**EXHIBIT 4:** The Domain of Competitive Signaling

FORM PURPOSE (UNDERLYING OSTENSIBLE) VERACITY FORUM OR MEDIUM MESSAGE CONTENT

* Prior announcement
* Announcement after the fact
* Public discussion of industry
* Discussion of own moves
* Preemption
* Communicate strategic advantages
* Threat of contingent action
* Express pleasure or displeasure
* Test of competitors’ sentiments
* Minimize provocative potential of own action
* Avoid simultaneous actions
* Inform financial community
* Gain internal support
* True/untrue
* Bluff
* Misleading
* Over/understated
* Broad, prestigious industry audience
* Financial analysts meeting
* Interview in major industry/business publication
* Press release
* Letter to customers or suppliers
* Private communication with competitor
* Firm’s goals
* Internal situation of firm
* Firm’s intention
* Expectations of competitor behavior
* Rules of game/nature of dilemma

**Interpreting Competitive Actions:**

Interpreting a competitor’s actions follows a similar analysis, beginning with the overriding question: “Why is the action being taken?” In seeking to answer that question, the first step is to characterize the type of action. A frontal attack is where the competitor directly attacks with an identical or similar product. In the 1990s, Unilever directly attacked P&G’s Joy brand dishwashing liquid with an identical product under the brand name Sunlight. Both were yellow, lemon scented products in identical bottles promising shiny dishes. A flanking attack, on the other hand, is when the competitor enters an adjacent product-customer segment rather than going head-to-head. In the 1980s, for example, Bic entered the men’s shaving business with a disposable razor rather than the traditional razors offered by Gillette. Pricing actions are of a number of types. They may simply be meeting the competition, undercutting the competition, a cross parry in order to retaliate, or a widely announced increase. Alternatively, a pricing action may be a “non-action” – that is not following a price leader’s announced price increases. Northwest Airlines (now Delta) frequently acted as a spoiler

by not following competitors’ price increases in the early 2000s, causing them to be rescinded.

The nature of the action is the next step. The analyst needs to ask the following questions:

What was the action relative to the potential actions that could have been taken? Was it

more or less severe?

How was the action taken? Was it announced? Quietly implemented?

How did it match or differ from the competitor’s past actions and strategies? Does it

suggest a continuation of past policies or does it mark a change in its strategy or mode of

action?

Does the action follow accepted industry practice? Is the competitor seeking to lead the?

industry into a new competitive territory?

Does the competitor expect other firms to follow it?

Is the move aggressive or does it suggest a more “cooperative” way of competing?

It should be noted that competitive actions can be outside of the marketplace. Legal actions are a case in point. Lawsuits over trademarks and brands are frequent and can tie up a firm’s executive and managers for long periods of time. Private antitrust suits are another form of competitive action. In both instances, a deep pocketed competitor can cause great harm to smaller, less wealthy firms.

**The Competitor's Response Profile**

The likelihood of competitive reactions depends on:

1. The characteristics of the firm taking the action. For example, its size and reputation for competitiveness.
2. The characteristics of the action. It could be a new market entry or price change.
3. The characteristics of the rival. Its size, performance, or desired reputation.
4. Environmental characteristics such as market turbulence, growth.

Given some insight into these four factors, the firm or analyst can take some more concrete steps as shown in Exhibit 5 which portrays a helpful framework for analyzing present and potential competitor moves and responses. The combination of this analysis of competitors' goals and assumptions together with competitors' current strategies and capabilities allow one to estimate their response profiles. A response profile tells one what kinds of actions a competitor is likely to take, if any, in response to the firm's own actions. Again, what this means is that you have to be able to think like your competitor.

It may sound simplistic, but one of the most powerful determinants of a competitor's future actions is the set of economic outcomes that would result from each different competitive response. To the extent, then, that one can calculate the financial results that would flow from different actions, one should be able to predict competitors' actions.

One approach is to estimate the competitor’s reactiveness to a competitive move on a particular product in a given geographical (or other defined market) market and the relative clout it has with which to respond to competitive move.23 Reactiveness is simply the competitor’s incentive to counter competitive moves. It can be measured by estimating the contribution (revenues, profits, etc.) that the product delivers in that market and that it delivers to the business unit of which it is a part adjusted for the strategic importance of the product and market to the competitor. Take, for example, a move against P&G’s Tide laundry detergent product in the United States. With its leading market share it contributes both book profits and strong cash flow to the division of which it is a part and to the corporation as a whole. As the anchor product of the detergent aisle in supermarkets it is of strategic importance in maintaining the support of the channel. One can say with reasonable certainty that P&G would exhibit high reactiveness to any competitive move against Tide. Relative Clout asks which of the competitors is in a better position to make a strategic move in that specific product/market arena. It is the ability to fight or to fight back. As with reactiveness, relative clout can be estimated from the competitors’ relative sizes, cash positions, distribution coverage, and the relative number of salespeople.

Theoretically, the issue goes beyond reactiveness and clout. It is more complex. Economists use the term conjectural variation to refer to what is known about the likelihood and the intensity of competitors' responses. Specifically, a conjectural variation is what is believed about the relationship between a firm's own behavior and the corresponding return-maximizing action that will be taken by the competitor.24 The interesting aspect is that estimating a competitor's actions requires the recognition that the competitor's decision involves more than simply choosing the action that yields it the highest relative financial result from among the set of actions available to it. This is because those financial results themselves are simultaneously affected by the competitor’s own conjectures concerning the acting firm’s response profile to its response.

**EXHIBIT 5:** Analyzing a Competitor’s Response Profile

**FUTURE GOALS**

At all levels of management and in multiple dimensions

**CURRENT STRATEGY**

How the business is currently competing

**COMPETITOR’S RESPONSE PROFILE**

Is the competitor satisfied with its current position?

What likely moves or strategy shifts will the competitor make?

Where is the competitor vulnerable?

What will provoke the greatest and most effective retaliation by the competitor?

**ASSUMPTIONS**

Held abut itself and the industry

**CAPABILITIES**

Both strengths and weaknesses

What Drives the Competitor

What the Competitor is Doing and Can Do

**SOURCE:** Michael Porter, Competitive Advantage, (New York: The Free Press, 1980)

In more practical terms for the strategist, this means working two moves ahead—estimating whether the competitor would see its action choices as leading to more or less effective countermoves. Game theory provides one framework for analyzing the situation. The main point, however, is to attempt to calculate the relative financial implications of the competitor's possible responses. A second approach suggests that one analyze the past effectiveness of the competitor's marketing mix elements. As theory would suggest, a competitor's response to, say, the market entry of a new product will be to adopt the approach that has shown the greatest response elasticity in the past.

1. Mostly which Brand of drinks will be mostly preferred by customers?
   1. PEPSI
   2. Coca Cola

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S. No | MARKET PALCE | PEPSI | COCACOLA | Total |
| 1 | RAM LAKSHMANA TO PEDHAPADU ROAD | 27  (54.00) | 23  (46.00) | 50  (100.00) |
| 2 | ZILLA PARISHAD ROAD | 15  (30.00) | 35  (70.00) | 50  (100.00) |
| 3 | G.T. ROAD | 08  (16.00) | 42  (84.00) | 50  (100.00) |
| 4 | PALAKONDA ROAD | 31  (62.00) | 19  (38.00) | 50  (100.00) |
|  | TOTAL | 81  (40.50) | 119  (59.50) | 200  (100.00) |

**Interpretation:**

Above table and graphs describing that in the areas of Ram Lakshmana and Palakonda Road the Pepsi is domination and in other two area viz., G.T. Road and Z.P. Road area coca cola is leading.

In Palakonda Road Pepsi is in 62 percent, Coca cola is 38 percent.

In Z.P. Road Coca cola is major drink consumption is about 30 percent is Coca cola and 70% is about Pepsi .

In Ram Lakshmana majority is Pepsi is about 54 percent whereas Coca cola is about 46 percent

In G.T. Road majority of respondents likes i.e., 84 percent are Coca cola and 16 percent are Pepsi.

**2. By which Company Service is you satisfied ?**

1. PEPSI
2. COCA COLA

**COMPANY SERVICE**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S.No | MARKET PALCE | PEPSI | COCACOLA | Total |
| 1 | RAM LAKSHMANA TO PEDHAPADU ROAD | 30  (60.00) | 20  (40.00) | 50  (100.00) |
| 2 | Z.P. ROAD | 29  (58.00) | 21  (42.00) | 50  (100.00) |
| 3 | G.T. ROAD | 27  (54.00) | 23  (46.00) | 50  (100.00) |
| 4 | PALAKONDA ROAD | 32  (64.00) | 18  (36.00) | 50  (100.00) |
|  | TOTAL | 118  (59.00) | 82  (41.00) | 200  (100.00) |

**Graph 2**

**Interpretation:**

Above table and graphs describing that in the areas of Ram Lakshmana and Palakonda Road the Pepsi is domination through all 4 areas in Palakonda Road Pepsi is in 64percent, Coco cola is 36 percent.

In Z.P. ROAD, Coco cola is major drink consumption is about 42 percent is Coco cola and 58 percent is about Pepsi .

In Ram Lakshmana majority is Pepsi is about 60 percent whereas Coco cola is about 40 percent in G.T. ROAD majority of respondents likes i.e.; 46 percent are Coco cola and 54 percent are Pepsi.

**3. Have you ever contacted to customer service ?**

1. PEPSI
2. COCA COLA

**CUSTOMER SERVICE**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S. No | MARKET PALCE | PEPSI | COCACOLA | Total |
| 1 | RAM LAKSHMANA TO PEDHAPADU ROAD | 34  (68.00) | 16  (32.00) | 50  (100.00) |
| 2 | Z.P. ROAD | 25  (50.00) | 25  (50.00) | 50  (100.00) |
| 3 | G.T. ROAD | 35  (70.00) | 15  (30.00) | 50  (100.00) |
| 4 | PALAKONDA ROAD | 0  (Nil) | 50  (100.00) | 50  (100.00) |
|  | TOTAL | 94  (47.00) | 106  (53.00) | 200  (100.00) |

**Graph 3**

**Interpretation:**

Above table and graphs describing that in the areas of Ram Lakshmana to Pedhapadu Road and Palakonda Road the Pepsi is domination through all 4 areas in Palakonda Road majority of respondents i.e., .100 percent are like the Coco cola there is no Pepsi.

In Z.P. ROAD majority of respondents i.e., 50 percent are like Pepsi and 50 percent are Coco cola in Ram Lakshmana to Pedhapadu Road majority of respondent i.e., 68 percent are like Pepsi and 32 percent are Coco cola in G.T. ROAD majority of respondents likes i.e.,, 70 percent are like Pepsi and 30 percent are Coco cola.

**4. If you contacted to customer service, All problems have been resolved to your complete satisfaction?**

1. PEPSI
2. COCA COLA

**Table 4**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S. No | MARKET PALCE | PEPSI | COCACOLA | Total |
| 1 | RAM LAKSHMANA TO PEDHAPADU ROAD | 43  (86.00) | 7  (14.00) | 50  (100.00) |
| 2 | Z.P. ROAD | 45  (90.00) | 5  (10.00) | 50  (100.00) |
| 3 | G.T. ROAD | 37  (74.00) | 13  (26.00) | 50  (100.00) |
| 4 | PALAKONDA ROAD | 39  (78.00) | 11  (22.00) | 50  (100.00) |
|  | TOTAL | 164  (82.00) | 36  (18.00) | 200  (100.00) |

**Graph 4**

**Interpretation:**

Above table and graphs describing that in the areas of Ram Lakshmana to Pedhapadu Road and Palakonda Road the Pepsi is domination through all 4 areas in Palakonda Road majority of the respondents i.e. 78 Percent are like Pepsi and 22percent are Coco cola.

In Z.P.ROAD, Coco cola is majority of the respondents i.e. 90 percent are like Pepsi and 10 percent are Coco cola

In Ram Lakshmana to Pedhapadu Road majority of the respondents i.e., 86 percent are like Pepsi and 14 percent are Coco cola.

In G.T. ROAD majority of respondents likes i.e.; 64 percent are like Pepsi and 26 percent are Coco cola

**5. Which Company Provides the best quality of the product?**

1. PEPSI
2. COCA COLA

**Table 4**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S. No | MARKET PALCE | PEPSI | COCACOLA | Total |
| 1 | RAM LAKSHMANA TO PEDHAPADU ROAD` | 29  (58.00) | 21  (42.00) | 50  (100.00) |
| 2 | Z.P. ROAD | 24  (48.00) | 26  (52.00) | 50  (100.00) |
| 3 | G.T. ROAD | 17  (34.00) | 33  (66.00) | 50  (100.00) |
| 4 | PALAKONDA ROAD | 30  (60.00) | 20  (40.00) | 50  (100.00) |
|  | TOTAL | 100  (50.00) | 100  (50.00) | 200  (100.00) |

**Graph 4**

**Interpretation:**

Above table and graphs describing that in the areas of Ram Lakshmana to Pedhapadu Road and Palakonda Road the Pepsi is domination through all 4 areas.

In Palakonda Road majority of the respondents i.e. 60 percent Pepsi and 40 percent Coco cola.

In Z.P. ROAD. majority of the respondents i.e., 52 percent is Coco cola and 42 percent is about Pepsi .

In Ram Lakshmana to Pedhapadu Road majority of the respondents i.e. 58 percent Pepsi and 42 percent Coco cola.

In G.T. ROAD majority of respondents likes i.e.; 66 percent are Coco cola and 44 percent are Pepsi.

**6. For whose offers you are mostly impressed ?**

1. PEPSI
2. COCA COLA

**TABLE 5**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S.NO | MARKET PLACE | PEPSI | COCA COLA | Total |
| 1 | RAM LAKSHMANA TO PEDHAPADU ROAD` | 31  (62.00) | 19  (38.00) | 50  (100.00) |
| 2 | Z.P. ROAD | 30  (60.00) | 20  (40.00) | 50  (100.00) |
| 3 | G.T. ROAD | 32  (64.00) | 18  (36.00) | 50  (100.00) |
| 4 | PALAKONDA ROAD | 35  (70.00) | 15  (30.00) | 50  (100.00) |
|  | TOTAL | 128  (64.00) | 72  (36.00) | 200  (100.00) |

**Graph 5**

**Interpretation:**

Above table and graphs describing that in the all 4 areas most impression of the drink is taken.

In Palakonda Road majority of the respondents i.e. 70 percent are Pepsi and 30 percent Coco cola

In Z.P. ROAD. majority of the respondents i.e. 60 percent is Pepsi and 40 percent is about Coco cola

In Ram Lakshmana to Pedhapadu Road majority of the respondents i.e. 62 percent are Pepsi and 38 percent are Coco cola

In G.T. ROAD majority of respondents likes i.e.; 64 percent are Pepsi and 36 percent are Coco cola

**7. Your sales in bottles per day ?**

1. PEPSI
2. COCA COLA

**Table 6. BOTTLES PER DAY SALES**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S.NO | MARKET PLACE | PEPSI | COCACOLA | Total |
| 1 | RAM LAKSHMANA TO PEDHAPADU ROAD` | 504  (50.40%) | 496  (49.60%) | 1000 |
| 2 | Z.P. ROAD | 860  (86%) | 140  (14%) | 1000 |
| 3 | G.T. ROAD | 276  (27.6) | 724  (72.4) | 1000 |
| 4 | PALAKONDA ROAD | 850  (85%) | 150  (15%) | 1000 |
|  | TOTAL | 2490  (62.25) | 1510  (37.72) | 4000  (100.00) |

**Graph 6**

**Interpretation:**

Above table and graphs describing that in the all 4 areas most impression of the drink is taken.

In Palakonda Road majority of the respondents i.e. 85 percent are Pepsi and 15 percent Coco cola.

In Z.P. ROAD. majority of the respondents i.e. 86 percent is Pepsi and 14 percent is about Coco cola.

In Ram Lakshmana to Pedhapadu Road majority of the respondents i.e. 50.4 percent are Pepsi and 49.60 percent are Coco cola.

In G.T. ROAD majority of respondents likes i.e.; 27.6 percent are Pepsi and 72.4 percent are Coco cola.

**8. Do you require service by Drink Company as follows?**

1. DAILY
2. WEEKLY 2 TIMES

**REQUIRE SERVICE OF PEPSI AND COCACOLA**

**TABLE 7**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| S.NO | MARKET PLACE | | | DAILY | WEEKLY 2 TIMES | | Total |
| 1 | RAM LAKSHMANA TO PEDHAPADU ROAD` | | | 44  (88.00) | 6  (12.00) | | 50  (100.00) | |
| 2 | Z.P. ROAD | | | 43  (86.00) | 7  (14.00) | | 50  (100.00) | |
| 3 | G.T. ROAD | | | 42  (84.00) | 8  (16.00) | | 50  (100.00) | |
| 4 | PALAKONDA ROAD | | | 50  (100.00) | 0 | | 50  (100.00) | |
|  | | TOTAL | 179  (58.00) | | 21  (42.00) | 200  (100.00) | | |

**Graph 7**

**Interpretation:**

Above table and graphs describing that in the areas of Ram Lakshmana to Pedhapadu Road and Palakonda Road the Pepsi is domination through all 4 areas.

In Palakonda Road majority of the respondents i.e. 100 percent require service is done on daily.

In Z.P. ROAD majority of the respondents i.e. 86 Percent is requiring service is done on daily and 14 percent done on weekly two times.

In Ram Lakshmana to Pedhapadu Road majority of the respondents i.e. 88 percent require service is done on daily and 12 percent done on weekly two times.

In G.T. ROAD majority of respondents likes i.e.; 84 percent require service is done on daily and 16 percent done on weekly two times.

**9. Which drinks labeling and packing do you prefer?**

1. PEPSI
2. COCA COLA

**TABLE 8**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S.NO | MARKET PLACE | PEPSI | COCA COLA | Total |
| 1 | RAM LAKSHMANA TO PEDHAPADU ROAD` | 30  (60.00) | 20  (40.00) | 50  (100.00) |
| 2 | Z.P. ROAD | 19  (38.00) | 31  (62.00) | 50  (100.00) |
| 3 | G.T. ROAD | 11  (22.00) | 39  (78.00) | 50  (100.00) |
| 4 | PALAKONDA ROAD | 31  (62.00) | 19  (38.00) | 50  (100.00) |
|  | TOTAL | 91  (45.50) | 109  (54.50) | 200  (100.00) |

**GRAPH 8**

**Interpretation:**

Above table and graphs describing that packaging and labeling preference is taken

In Palakonda Road majority of the respondents i.e., 62 percent prefer packaging and labeling for Pepsi and 38 percent packaging and labeling for Coca cola

In Z.P. ROAD majority of the respondents i, e, 62 percent prefer packaging and labeling for Coco cola and 38 percent packaging and labeling for Pepsi

In Ram Lakshmana to Pedhapadu Road majority of the respondents i.e., 60 percent prefer packaging and labeling for Pepsi and 40 percent packaging and labeling for Coco cola

In G.T. ROAD majority of the respondents i.e., 78 percent prefer packaging and labeling for Coca cola and 22 percent packaging and labeling for Pepsi

**10. Which drinks do you think more popular?**

1. PEPSI
2. COCA COLA

**TABLE 9**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S.NO | MARKET PLACE | PEPSI | COCACOLA | Total |
| 1 | RAM LAKSHMANA TO PEDHAPADU ROAD` | 24  (48.00) | 26  (52.00) | 50  (100.00) |
| 2 | Z.P. ROAD | 17  (34.00) | 33  (66.00) | 50  (100.00) |
| 3 | G.T. ROAD | 7  (14.00) | 43  (86.00) | 50  (100.00) |
| 4 | PALAKONDA ROAD | 31  (62.00) | 19  (38.00) | 50  (100.00) |
|  | TOTAL | 79  (39.50) | 111  (60.50) | 200  (100.00) |

**GRAPH 9**

**Interpretation:**

Above table and graphs describing that in the all areas most popular drink is taken

In Palakonda Road majority of the respondents i.e., 62 percent popular drink is Pepsi and 38 percent is Coco cola

In Z.P. ROAD. Majority of the respondents i.e., 66 percent popular drink is Coco cola and 24 percent is Pepsi

In Ram Lakshmana to Pedhapadu Road majority of the respondents i.e., 52 percent popular drink is Coco cola and 48 percent is Pepsi

In G.T. ROAD majority of respondents likes i.e.; 86 percent are Coco cola and 14 percent are Pepsi.

**11. How is sale of drinks this year vs last year in your shop in Pepsi vs Coca Cola ?**

a) GOOD

b) LESS

c) SAME

**Table 10**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| S.NO | MARKET PLACE | GOOD | LESS | SAME | Total |
| 1 | RAM LAKSHMANA TO PEDHAPADU ROAD` | 24  (48.00) | 0 | 26  (52.00) | 50  (100.00) |
| 2 | Z.P. ROAD | 24  (48.00) | 0 | 26  (52.00) | 50  (100.00) |
| 3 | G.T. ROAD | 25  (50.00) | 0 | 25  (50.00) | 50  (100.00) |
| 4 | PALAKONDA ROAD | 16  (32.00) | 0 | 34  (68.00) | 50  (100.00) |
|  | TOTAL | 92  (46.00) | 0 | 108  (54.00) | 200  (100.00) |

**GRAPH 10**

**Interpretations:**

Above table and graphs describing that all areas sale of drinks is taken by comparing current sales to previous sales in a shop is taken.

In Palakona Road Majority of the respondents i.e., 68 percent are same between both and 32 percent are good between both

In Z.P. ROAD. Majority of the respondents i.e., 52 percent are same between both drinks and 48 percent are good

In Ram Lakshmana to Pedhapadu Road Majority of the respondents i.e., 52 percent are same between both drinks and 48 percent are good

In G.T. ROAD majority of respondents likes i.e.; 50 percent are same between both drinks and 50 percent are good

**12. Why do you keep other products in Pepsi cooler?**

1. TO SAVE ELECTRICITY BILL
2. NO OWN COOLER IN YOUR SHOP

**Table 11**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S.NO | MARKET PLACE | ELECTRICITY BILL | NO OWN  COOLER | Total |
| 1 | RAM LAKSHMANA TO PEDHAPADU ROAD` | 45  (90.00) | 5  (10.00) | 50  (100.00) |
| 2 | Z.P. ROAD | 49  (98.00) | 1  (2.00) | 50  (100.00) |
| 3 | G.T. ROAD | 40  (80.00) | 10  (20.00) | 50  (100.00) |
| 4 | PALAKONDA ROAD | 44  (88.00) | 6  (12.00) | 50  (100.00) |
|  | TOTAL | 178  (89.00) | 22  (11.00) | 200  (100.00) |

**GRAPH 11**

**Interpretation:**

Above table and graphs describing that other products are kept in Pepsi cooler

In Palakonda Road Majority of the respondents i, e,88 percent electricity bill and 12 percent have no own cooler

In Z.P. ROAD. Majority of the respondents i, e, 98 percent electricity bill and 2 percent are having own cooler.

In Ram Lakshmana to Pedhapadu Road Majority of the respondents i,e,, 90 percent electricity bill and 10 percent have own cooler

In G.T. ROAD majority of respondents likes i.e., 80 percent electricity bill and 20 percent are having own cooler

**13. Why customers are changing from Pepsi product to other product ?**

1. LACK OF ADVERTISEMENT
2. LACK OF SERVICES
3. LACK OF TASTE
4. LACK OF BOTTLE DESIGN

**Table 12**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| S.NO | MARKET PLACE | LACK OF ADVERTISEMENT | LACK OF SERVICES | LACK OF TASTE | LACK OF BOTTLE DESIGN | Total |
| 1 | RAM LAKSHMANA TO PEDHAPADU ROAD` | 7  (14.00) | 13  (26.00) | 25  (50.00) | 5  (10.00) | 50  (100.00) |
| 2 | Z.P. ROAD | 3  (6.00) | 19  (38.00) | 23  (46.00) | 6  (12.00) | 50  (100.00) |
| 3 | G.T. ROAD | 5  (10.00) | 4  (8.00) | 31  (62.00) | 10  (20.00) | 50  (100.00) |
| 4 | PALAKONDA ROAD | 2  (4.00) | 20  (40.00) | 23  (46.00) | 5  (10.00) | 50  (100.00) |
|  | TOTAL | 17  (8.50) | 56  (23.00) | 94  (47.00) | 25  (12.50) | 200  (100.00) |

**GRAPH 12**

**Interpretation:**

Above table and graphs describing that factors effecting towards respondents are changed from Pepsi to other products

In Palakonda Road Majority of the respondents i, e,, 46 percent opinion on lack of taste and 40 percent on lack of services and 10 percent on lack of bottle design and 4 percent on lack of advertisement

In Z.P. ROAD Majority of the respondents i, e,, 46 percent opinion on lack of taste and 438percent on lack of services and 12 percent on lack of bottle design and six percent on lack of advertisement

In Ram Lakshmana to Pedhapadu Road Majority of the respondents i, e, 50 percent opinion on lack of taste and 26 percent on lack of services and 10 percent on lack of bottle design and 14 percent on lack of advertisement

In G.T. ROAD Majority of the respondents i, e, 62 percent opinion on lack of taste and eight percent on lack of services and 20 percent on lack of bottle design and 10 percent on lack of advertisement

**14. Soft drinks are consumed by mostly?**

1. MALE
2. FEMALE
3. BY ALL PEOPLE
4. YOUTH

**Table 13**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| S.NO | MARKET PLACE | | MALE | | FEMALE | BY ALL PEOPLE | YOUTH | | Total |
| 1 | RAM LAKSHMANA TO PEDHAPADU ROAD` | | 0 | | 4  (8.00) | 33  (66.00) | 13  (26.00) | | 50  (100.00) |
| 2 | Z.P. ROAD | | 0 | | 0 | 28  (56.00) | 22  (44.00) | | 50  (100.00) |
| 3 | G.T. ROAD | | 0 | | 0 | 23  (46.00) | 27  (54.00) | | 50  (100.00) |
| 4 | PALAKONDA ROAD | | 0 | | 0 | 32  (64.00) | 18  (36.00) | | 50  (100.00) |
|  | | TOTAL | | 0 | 4  (2.00) | 116  (58.00) | | 80  (40.00) | 200  (100.00) |

**GRAPH 13**

**Interpretation:**

Above table and graphs describing that Soft drinks are consumed by mostly.

In Palakonda Road Majority of the respondents i, e,, 64 percent soft drinks consumed by all people 36 percent consumed by youth.

In Z.P.ROAD. Majority of the respondents i.e., 56 percent soft drinks consumed by all people and 44 percent are consumed by youth.

In Ram Lakshmana to Pedhapadu Road Majority of the respondents i, e,66 percent soft drinks consumed by all people and 26 percent by youth and eight percent soft drinks consumed by male.

In G.T. ROAD majority of respondents likes i.e., 54 percent soft drinks consumed by youth and 46 percent consumed by all people.

**SUMMARY**

After the completion of project, we have seen the different aspects of this Project.

Also, we have gained some new experience about the consumer research. While surveying we have met a large number of people, with different perceptions, with different nature, and as a result of this we have learnt a lot of things like how to talk with the different people with different behavior. We have benefited a lot and this will definitely help us a lot in the future.

Also, the outcome that came out from this research work is that in Tri city coke is the market leader with 54% market share. Pepsi is having only 46% market share. We come to know that Pepsi is the leading brand of Pepsi co. with 29% market share of its total market share and Thumps up is the leading brand of coke with 28% market share of itself.

Through this research we also come to know that young generation is the potential market for beverage industry, taste is the 1stpreference to choosing the product and one more important factor that below 12 years and above to 50yearspeople like the soft drinks while people between 12- 30 year prefer cola drinks and rest people who comes in between 30 -50 year have common.

**FINDINGS**

As it was 1st research Project of our life, so it gave us lot of experience which will be very helpful in our life on the basis of that research we find that in case of beverages people are much influenced by taste rather than Advertisements and other things. we come to know that Young generation is the biggest consumer of cold drinks than any other.

By this research we analyze that male prefer cola drinks, while female prefer soft drinks. Frequency of consume to cold drinks is higher of male than female. By combining all the beverage verities, we come to know that Thumps up is the market leader with 14 % total market share while Pepsi is the second highest market leader with 13% market share. If the Buying decision of consumer is rated –

* 1st preference will go to Taste,
* 2nd will go to Brand,
* 3 rd. preference will go to schemes,
* 4th  preference will go to Price,

**SUGGESTIONS**

Though the coke is enjoying about 54% of the total market share and it is market leader in Indian beverage industry.

While with the 46 % market share Pepsi is on the second step. If we are analyzing properly then we find Pepsi is small product portfolio than coke, which is responsible for its second position.

Pepsi should increase its product portfolio to capture the Coke’s market share. Companies should focus on the taste of the product because 77% population is influenced by taste only.

Young generation is the potential consumer so companies should more focus on them. As we find that 40 % population consumes 200ml cold drinks. Which comes in glass bottles, these bottles are being retuned back for refilling to companies? Which is incurred again cost of re-transportation. If company start to supply 200 ml cold drinks in pet bottles (plastic bottles) it will be good for company because 40% of population is using only 200ml.

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**QUESTIONNARIE**

1. Mostly which type of drinks will be preferred by customers?

A) Pepsi B) Coca cola

2. By which company service are you satisfied?

A) Pepsi B) Coca cola

3. Have you ever contacted to customer service?

A) Yes B) No

4. If you contacted to customer service, all problems have been resolved

to your complete satisfaction?

A) Yes, by the company (or) its representatives

B) Yes, by me or someone outside the company

C) No, the problem was not resolved

5. Which company provides the best quality of the product?

A) Pepsi B) Coca cola

6. For whose offers you are mostly impressed and why?

A) Pepsi B) Coca cola

7. Your sales in bottles per day

A) Pepsi bottles B) Coca cola bottles

8. Do you require service by drink company as follows?

A) daily B) alternate day C) weekly 2 times

9. Which drinks labeling and packaging do you prefer?

A) Pepsi B) Coca cola

10. Which drinks do you think more popular?

A) Pepsi B) Coca cola

11. How is sale of drinks this year VS last year in your shop in pepsi vs coca cola?

A) Good B) Less C) Same

12. Why customers are changing from Pepsi products to other products?

A) Lack of advertisement

B) Lack of services

C) Lack of taste

D) Lack of bottle design

13. Soft drinks are consumed by mostly?

A) Male B) Female C) By all people D) Youth

14. Do you drink soft drinks?

A) Yes B) No

15. What drinks comes to your mind when you think of soft drinks?

1. Pepsi
2. Coca Cola
3. Other products of Coca Cola
4. Other products of Pepsi
5. Other soft drinks