

Questions on coke and pepsi learning to compete in india



**ASSIGN
BUSTER**

1. The political environment in India has proven to be critical to company performance for both PepsiCo and Coca-Cola India. What Specific aspects of the political environment have played key roles? Could these effects have been anticipated prior to market roles? If not could developments in the political arena have been handled better by each company?

Ans The key specific aspects of the political environment have India seen as unfriendly to foreign investors for many years, The " Principle of Indigenous Availability" (Policy banning imports being sold in India), The Liberalization of India's Government in 1991(" New Industrial Policy", Trade rules & regulations simplified, Foreign investment increased), Pepsi enters in 1986 became " Lehar Pepsi", Coca-Cola follows in 1993 became " Coca-Cola India". These effects couldn't have influence to market role. Coke could have agreed to start new bottling plants instead of buying out Parle, and thus wouldn't have had to agree to sell 49% of their equity.

2. Timing of entry into the Indian market brought different results for PepsiCo and Coca-Cola India. What benefits or disadvantages accrued as a result of earlier or later market entry? Ans Pepsi >> Advantages - Entered the market Before Coca-Cola and was able to gain a foothold in the market while it was still developing. - Gained 26% market share by 1993

Disadvantages -Were forced to change their name to Lehar Pepsi -Govt. limited their soft drink sales to less than 25% of total sales

Coca-Cola >> Advantages -Were able to buy 4 bottling plants from industry leader Parle -Also bought Parle's leading brands: Thums Up, Limca, Citra, Gold Spot, Mazaa

<https://assignbuster.com/questions-on-coke-and-pepsi-learning-to-compete-in-india/>

Disadvantages -Denied entry until 1993 because Pepsi was already there -
Harder to establish market share with Pepsi there

3. The Indian market is enormous in terms of population and geography. How have the two companies responded to the sheer scale of operation in India in terms of product policies, promotional activities, pricing policies, and distribution arrangements? Ans Product policies >> - Entering with products close to those already available in India such as colas, fruit drinks, carbonated waters, Coca-Cola introducing Sprite recently, and Introducing new products is bottled water. Promotional activities >> - Both advertise and use promotional material at Navratri are Pepsi gives away premium rice and candy with Pepsi and Coca-Cola offers free passes, Coke giveaways as well as vacations. Pricing policies >> - Pepsi started out with an aggressive pricing policy to try to get immediate market share from Indian competitors, Coca-Cola cut its prices by 15-25% in 2003. Distribution arrangements >> - Production plants and bottling centers placed in large cities all around India, More added as demand grew and as new products were added.

4.” Global localization” (glocalization) is a policy that both companies have implemented successfully. Give examples for each company from the case.

Ans Pepsi - In keeping with local tastes, Pepsi launched its Lehar 7UP in the clear lemon category. - In 1990, Pepsi Foods Ltd. changed the name of their product to “ Lehar Pepsi” to conform with foreign collaboration rules. Coca Cola - For the festival of Navratri, Coca-Cola issued free passes to the celebration in each of its “ Thums Up” bottles. -Also ran special promotions where people could win free vacations to Goa, a resort state in western India.

<https://assignbuster.com/questions-on-coke-and-pepsi-learning-to-compete-in-india/>

5. How can Pepsi and Coke confront the issues of water use in the manufacture of their products? How can they defuse future boycotts or demonstrations against their products? How effective are activist groups like the one that launched the campaign in California? Should Coke address the group directly or just let furor subside?

Ans The Company confront that pesticides were present in the groundwater in India and found their way into food products in general “ compared pesticide levels in soft drink are negligible”. I think they can demonstrations against their products. After all the bad press Coke got in India over the pesticide content in its soft drinks, an activist group in California launched a campaign directed at U. S. college campuses, accusing Coca Cola of India of using precious groundwater, lacing its drinks with pesticides, and supplying farmers with toxic waste used for fertilizing their crops. Then Coke should address the group directly.

6. Which of the two companies do you think has better long-term prospects for success in India? Ans In my opinion, Pepsi because Pepsi has better marketing and advertising strategies, more widely accepted and more market share than Coca cola.

7. What lessons can each company draw from its Indian experience as it contemplates entry into other Big Emerging Markets?

Ans Pepsi’s lessons learned that are advertising is done during the cultural festival, beneficial to keep with local tastes, market trends, Celebrity appeal makes for exceptional advertising, and It pays to keep up with emerging trends in the market. Coca-Cola’s lessons learned that are establish special

<https://assignbuster.com/questions-on-coke-and-pepsi-learning-to-compete-in-india/>

promotions where people could win free vacations and Coca-Cola know about should have been more careful of when they entered the market what they were promising when they entered, pay specific attention to deals made with the government and advertising is crucial.

8. Comment on the decision of both Pepsi and Coke to enter the bottled water market instead of continuing to focus on their core products carbonated beverages and cola-based drinks in particular. Ans In my opinion, Pepsi and Coke have good strategy because nowadays the bottled water is growing more rapidly of water market.