

Coke and pepsi learn 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 entry? If not, could developments in the political arena have been handled better by each company?

Ans. The political environment in India has proven to be critical to company performance for both PepsiCo and Coca-Cola India. Some aspects were:

-)Š Adjustments in the Indian government like new procedures set of laws and a closed system
-)Š Change in the names of each company (Lehar Pepsi & Coca Cola India)
-)Š Problems with the water contamination
-)Š The policies that excluded international companies
-)Š Boycotts of American goods
-)Š Low demand for carbonated drinks
-)Š Prohibition of imports

If they could provide in a certain way because they could have studied the market better and not to preempt or enter this market without a good after market research, however due to the popularity that has the brand and the name of Coca Cola around the world I could almost guarantee the success of this anywhere in the world. In conclusion, they had to investigate more in depth to ensure the full success of this.

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. Coca-Cola entered the market a few years after Pepsi entered. While Coke's application was being denied, Pepsi's was being approved, giving them a head start in the market. It seems logical that Pepsi would benefit from this head start in the market, but they were facing competition and a market that didn't typically consume carbonated products. As Coca-Cola entered the market, one of the competitors was ready to align with Coke while Pepsi struggled.

3. The Indian market is enormous in terms of population and geography. How have the two companies responded to the sheer scale of operations in India in terms of product policies, promotional activities, pricing policies, and distribution arrangements?

Ans. Both companies produced promotional activities that aligned with sporting events and festivals in India. Doing this allowed consumers to take advantage of special sales and contests that encouraged the purchase and continued consumption of both products. Their pricing policies also were changing often. Coca-Cola reduced their prices 15 percent to 25 percent in order to make their products affordable to more consumers. Coke also introduced a new size to grab more attention and gain more of the market share.

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

Ans. A combination of the words 'globalization' and 'localization' used to describe a product or service that is developed and distributed globally, but is also fashioned to accommodate the user or consumer in a local market. This means that the product or service may be tailored to conform with local laws, customs or consumer preferences. Products or services that are effectively 'globalized' are, by definition, going to be of much greater interest to the end user. Both Coca-Cola and Pepsi created brands/flavors specific to India.

5. How can Pepsi and Coke confront the issues of water use in the manufacture of their products? How can they defuse further 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 the furor subside?

Ans. I think Coca-Cola is doing a nice job of working with the citizens of India on cleaning up their water. It shows great initiative and commitment to the country to be working with them in such ways. One way to avoid or defuse further boycotts is to invite the groups involved to learn about and be actively involved in their prevention practices. Being completely open about their policies and practices could eliminate any negative perceptions that are incorrect.

6. Which of the two companies do you think has better long-term prospects for success in India?

Ans. Pepsi seems to be doing better than Coca-Cola, especially in the bottled water lines. However, with Coca-Cola's products already having separate names and lines from their American counterparts, they may have a better chance at long-term prospects.

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

Ans. It's critical to take into account the government present within the country. Is it corrupt? Is it hostile towards foreign companies or American companies in particular? Both Pepsi and Coke ran into these problems as they struggled to compete for the market share for their products in India. Because of the environmental issues both companies ran into, it would be beneficial to study the effects that the local environment will have on your product as well as the effect your company will have on the environment. These issues go hand in hand. There will be effects and it is important to know what they are and to have a plan in place to counter the negative effects anticipated.

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. I think their move to enter the bottled water market was very strategic and beneficial for both companies. With the many health concerns that are apparent today in the US and in all other cultures, it's important for them to
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stay competitive. People are drinking more water, bottled in particular. It is a very logical step for the companies to enter the bottled water business.