Case analysis -wars continue: coke and pepsi in 2010

Business

Coca Cola Vs Pepsi There has been a consistent war between Coca Cola Company and Pepsi one of the world's known carbonated soft drinks. In 2010, there was a boost in the Coca Cola Company as it managed to outsmart Pepsi. For instance in that year, Coca Cola sold 1. 6 billion of its regular sodas and 927 million of its diet soda. On the other hand Pepsi managed to sell only 892 million of its products. The question everyone is asking is what made Cola so competitive and successful. Here is the breakdown of the successful strategy. Every manager is aware that for his business to succeed there must be clear policies and targets. In 2010, Cola Company laid the following successful strategies;

Sales volume. Sales volume plans to reach to $4 billion in the first year since launch of the new product. In the second year and the third year, the sales volumes are expected to increase 5% and 8% respectively.

Net profits. The objective of net profit in the first year is $2 billion. In the next two years, it is expected to increase 6% and 10%.

Market share. The market share in the UK in the first is expected to be 5% and then increases 10% annually.

Customer satisfaction. Customer satisfaction aims to be higher than 90%.

After setting the objectives the company embarked in a strong marketing of their products. One of such product was the diet coke. Most of us will agree that the internet age has made us much aware of our health and not everyone is ready to take sugars and cholesterol. This is what made Cola to come up with the diet coke. This is a product that is mainly aimed for diabetic patients since they do not consume a lot of sugar. This idea of a diet carbonated drink attracted so many customers and this is basically what outsmarted Pepsi. The mode of advertisement is also something to relish in this case. Cola embarked on intensive advertisements which are characterized as family friendly and cute examples include the Santa Claus advertisements in Christmas season and polar bears. On the other hand, Pepsi adverts have been selected based on celebrities something that is challenging especially when it comes to competing with Cola in foreign countries.

It is also worth noting that Cola beat Pepsi because it had a direct store door form of arrangement which reduced the cost of transportation. In addition to this, the company also engaged in repackaging of its products as a way of reducing cost of production. Moreover, Coke was the first company to introduce a diet drink. In addition to this, the company also decided to switch to lower priced high fructose corn syrup which also reduced the cost of production but at the same time offering quality products to its customers (David B. Yoffie, 2010). During the same time, Cola was able to maintain a high bargaining power of supplies due to its transporting strategy. Moreover, Coke had a high bargaining power of buyers especially on the diet coke. During this time, Pepsi had not introduced their diet drinks and therefore Cola had no threat of substitutes. These strategies made Cola successful.

Recommendations

I would like to give the following recommendations as a way to ensure that Coke continues with its rivalry. The company should ensure that it continues with intensive research on production of diet drinks. The company should also ensure that there is constant marketing of the products. Due to the ability to control prices, the company should ensure that it sets high prices that are competitive so that the company maximizes on the profits.

Moreover, the Coke Company should explore more foreign countries as a way expanding its territory as well as to enjoy competitive advantage.

Bibliography

David B. Yoffie, R. K. (2010, December 9). Cola Wars Continue: Coke and Pepsi in 2010. Retrieved 2013, from Harvard Business Review: http://hbr.org/product/cola-wars-continue-coke-and-pepsi-in-2010/an/711462-PDF-ENG?referral= 01597