

Cola wars continue: coke and pepsi in 2010

[Business](#)



Cola Wars Continue: Coke and Pepsi in History of Coke and Pepsi It is evident that soft drinks are an essential component of a human beings daily life.

Most of us have been drinking soft drinks since we were young and most of us cannot go for more than two days without drinking a soft drink. However, only a few people understand the history behind Coca-Cola and Pepsi-Cola; the two soft drinks that have defined our lifestyle with Coke being a product of Coca-Cola while Pepsi-Cola is a product of Pepsi.

Coca Cola is the older of the two Colas. In 1886, Dr. John Pemberton produced Coca Cola in his lab while he was in the process of working on a temperance drink that had medicinal effects (Pendergrast 140). Thereafter, the countries witnessed a number of colas being manufactured although none was able to breakeven and achieve the success that Coca Cola had achieved. Importantly, Coca Cola had managed to keep the formula for making its cola a secret with only a select few aware of the formula.

Incidentally, the rumor mills suggested that Coca Cola contained cocaine although Candler, who was a partner to Pemberton, managed to market the cola as a refreshing drink, instead of a medicinal drink, which helped the company survive the onslaught (Pendergrast 140).

Pepsi-Cola was started in New Bern, North Carolina in 1894 by a pharmacist called Caleb Bradham (Pendergrast 140). While the company experienced growth in terms of sale and expansion through franchising before the First World War, there were losses experienced following the demise of its founders with Coca Cola twice refusing offers to buy the remains of Pepsi after bankruptcy. Different strategies to market Pepsi-Cola followed with these strategies including selling Pepsi at a price similar to Coca Cola although the quantity was double the quantity. In effect, Pepsi became a <https://assignbuster.com/cola-wars-continuecoke-and-pepsi-in-2010/>

lower-class drink although future managers in the company dropped this image (Pendergrast 140). In effect, this set the war between Pepsi-Cola and Coca-Cola with the war focusing on pricing, marketing, and product placement strategies in the market.

Why, historically, has the soft drink industry been so profitable?

Pepsi and Coca Cola have engaged in continual wars although each company has continued to witness tremendous growth despite the cutthroat company experienced from these two companies. In line with this, the two companies have each witnessed a 10% growth each year in terms of their revenue, which is a result of growing consumption of Carbonated Soft Drinks (CSDs) across the globe (Yoffie and Kim 1).

Yoffie and Kim identify the main reason behind the profitable nature in the soft drink industry as the increasing demand of diet and flavored drinks by the consumers (2). In line with this, it is evident that the world's population is increasingly becoming health conscious with their awareness of the content of the soft drinks and their health effects rising. Consequently, the soft drink companies have satisfied this growing need by manufacturing drinks that satisfied this category of consumers.

Other than satisfaction of the growing demands by the consumer, the decline in real prices of these drinks has contributed to the profitable nature of the soft drinks industry (Yoffie and Kim 2). In line with this, decline in prices of CSDs makes the soft drinks affordable to a majority of consumers, which enhances the profitability of soft drink companies. In this case, consumers are capable of affording CSDs while avoiding other cheap alternatives such as tea, coffee, juice, bottled water, and other alternatives.

Works Cited

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