

# Soft drinks industry consumer behavior marketing essay

[Food & Diet](#)



**ASSIGN  
BUSTER**

Soft drinks industry is one of the most thriving and flourishing industries in Pakistan. With a population close to 165 million, Pakistan is one of the largest markets in the Asia Pacific region, for various fast-moving consumer goods companies, including those manufacturing soft drinks. Consumers all over Pakistan consider soft drinks as an integral part of their lives, be it routine every day meals or festive occasions, soft drinks hold immense importance as it is the primary refreshment served all over the country. Dominated by low-cost carbonates, Pakistan's soft drinks industry benefits from key demand triggers such as the notable absence of alcoholic drinks industry and a warm climate.

The beverage industry has around 40 plants, and employs around 500, 000 people directly or indirectly. Foreign players dominate the soft-drinks sector. Pakistan Beverages, which bottles for US-based PepsiCo, and National Beverages, the bottler for Coca-Cola (also of the US), are the key players in this segment. Together, Pepsi and Coca-Cola supply 75% of the carbonated soft-drinks market, with local companies accounting for another 15-20%. The industry has seen steady growth over the past years, and despite the current economic situation in Pakistan and the high levels of inflation, the industry is bound for growth in the coming years. The major players in this market include:

Coca Cola

Pepsi

Mountain Dew

Gourmet Cola

Makah Cola

Amrat Cola

The market is led by Pepsi which has the maximum market share in the Pakistan soft drink industry. Coca cola acts as a challenger, which challenges the presence of its major rival coke, whereas other brands such as gourmet cola and mountain dew are followers. Gourmet cola has smartly catered to the market by providing soft drinks at a much lower price than the others and distributes it only in the city of Lahore, hence is the one acting as a niche player. It has successfully entered into the soft drink market where existing strong brand names have been competing, and is expected to maintain its position which is evident by the growing demand of its cola

### **Market Size:**

Led by the core carbonate brands of Coca Cola and PepsiCo, per capita soft drinks consumption in Pakistan is estimated to stand at about 20 liters per annum, which leaves significant room for growth. Over the publisher's forecast period to 2014, soft drinks sales are expected to increase 39.8% to PKR19.5 billion (\$233 million), with carbonates likely to pick up most of the volume growth.

### **MARKET SEGMENTATION:**

Customer segmentation in Pakistan with respect to soft drink industry is done differently by the major players operating in the industry.

Segmentation is done based on the lifestyle, preferences and attitudes of

<https://assignbuster.com/soft-drinks-industry-consumer-behavior-marketing-essay/>

customers. Particularly to this industry, there exist customer segments which prefer soft drinks that taste sweeter as compared to others. Moreover, segments in the markets exist which are price conscious, and are willing to compromise as far as quality and taste is concerned. Such segments are more inclined towards paying lower prices for a soft drink that provides a similar taste as of other renowned names and modest quality. Existing customers, who are sensitive to their calorie intake but wish not to compromise on the consumption of soft drinks, are catered by brands offering the diet version. This diet version of soft drinks is even preferred by some customers who find its taste better as compared to the regular one, although such a segment is not widely recognized. Apart from that, customer segments exist which demand bottles of soft drinks in different sizes, such as small, large and family pack, whereas the kind of packaging done for a particular soft drink also determines and caters to a certain market segment such as bottles that are disposable and non-disposable. There are different flavors that have further segmented the market, which primarily include orange (Fanta, Miranda), Cola (Coke, Pepsi), Lemon (Sprite, 7up, Lemon up, mountain dew). Segmentation of consumers has also been done on the bases of social economic class, such as new market entrants such as gourmet cola serves SEC C whereas market leaders serve SEC A and B.

The market segment that we have selected for our project is individuals belonging to SEC A and SEC B who are employed and are working in private and government organizations.

**Target Market:**

The target market that we have selected from this segment as part of our term project is the carbonated soft drinks segment, which includes companies like Pepsi, Coca cola, Seven up, Mecca cola, Amrat cola, Gourmet cola and others.

**Objectives of the research:**

The research is directed to find the attributes of consumer behavior regarding the local soft drinks in the beverages industry. The scope of the research is limited to the region of Lahore due to time constraints. The basic purpose to conduct this study is to uncover the consumer perception about the local soft drinks specifically. The research will help to find out the consumer perception about what the customers think of the local soft drinks, how they perceive it when they hear or see any of the particular local brands. The position that it has taken in the minds of the consumers are important to discover. Basically, the first objective is to find the image of local soft drinks as perceived by the consumers.

The study will also focus on the product specific attributes of local soft drinks. The quality of the soft drink as compared to the rest of the international competition is one of the concerns of this research. Also, taste is an important variable which will be thoroughly studied because quality of any product is judged by its taste, and it will be tested that whether the company is successful in providing the taste which is demanded by its target market or not. Also, whether it provides the soft drinks in same or better taste as provided by the international players; Pepsi co. and Coca Cola

Company, or not. Whether the content of fizz in soft drink is an important variable that matters and the impact of the amount of cooling that the drink has stored in it is important to the consumers of local soft drinks or not. Along with the tangible attributes of the product, the study will also focus on the intangible attributes such as the brand name. The size and shape of the bottles, the packaging and the colors used, will also be discussed. The consumer satisfaction will be gauged in terms of the competition, and what needs to be done to improve the product.

The study objectives also include the consumer specific attributes towards the local soft drinks. It will include that under what circumstances or occasions do the consumers consume local soft drink. Are they brand loyal? How do they evaluate a drink over the others? And how do they make their buying decisions. It includes the influencers that influence their decision making. Furthermore, the role of advertisement will be discussed that how do the consumers dictated by the ads, how the company can improve its visual presence and what could be done to improve the company and the product.

### **Research Methodology:**

The basic idea is to design a research methodology which enables us to extract maximum useful information at the least possible cost and time, without sacrificing on its reliability. Therefore, quantitative tools will be used to achieve our research objectives.

Our objective factors like brand awareness, product usage and product attributes specific insights shall be obtained through a questionnaire

<https://assignbuster.com/soft-drinks-industry-consumer-behavior-marketing-essay/>

## **Quantitative Research: Questionnaire**

The questionnaire will be the most effective and feasible tool for our research study. Other methods like phone interviews and observation study will not only be impractical due to our resource constraints but also yield very little credible information, unless the sample size is huge. The questionnaire will be very straight forward and focused so unnecessary data is not gathered and the validity of the study is maximized. Light users or users who have not consumed local colas in the past 30 days will be screened out. Therefore, those who remain will be able to effectively assess the products and its perception in their minds. A few open ended questions will be asked, along with closed ended questions that address our research objectives. In order to keep things simple, only a Likert scale will be used. The questionnaire will be distributed amongst all individuals who have been screened on the sole basis of usage. This is because currently the soft drink industry employs a mass marketing approach, and focusing only on one or two segments will increase the sampling error. A total of 50 questionnaires will be distributed.

## **Data Analysis**

The data from the questionnaire will be tabulated on excel and analyzed using statistical options like pie charts, bar graphs, tables etc.

## **Questionnaire Analysis:**

The questionnaire analysis was conducted with 50 respondents, 42 Males and 8 Females, aged between 22 to 50 years of age and all. The questionnaire was based upon the variables of importance analyzed in the

focus group e. g. the price of the soft drinks, availability and quality offered by each brand of carbonated soft drinks.

## **Detailed Analysis of Questionnaire:**

### **What type of food do you like?**

The respondents were asked what kind and genre of food they preferred as there drinks choices are then based upon their primary food choices, a large majority of respondents responded with homemade food, followed by fast food, this indicates the evident impact on inflation in Pakistan upon people's spending habits, more people now opt for home made food rather than fast food from upscale restaurants

### **What type of drinks do you consume?**

Majority of respondents indicated that they preferred carbonated drinks as compared to coffee and other choices available to them, this shows the high positive demand soft drinks have in Pakistan.

### **Pick one from the above and state the brands you use?**

#### **Juices brands mentioned by respondents:**

In order to gauge the respondents inclination towards juices the question asked them to indicate the juice brand they use, majority of respondents indicated nestle as being their favorite brand, with 23 respondents opting for Nestle, followed by Olfruit.



**Carbonated drinks mentioned by respondents:****Tea/Coffee mentioned by respondents:****How often do you consume the drink you stated above?****Your purchase decisions are influenced by?****Q7: Do you consume carbonated soft drinks?**

Majority of respondents, i. e. 40 indicated that they consumed carbonated soft drinks which points towards the high positive demand for soft drinks

**Q8: If yes, then how often do you consume them? (If no, please skip to question 9)**

Majority of the respondents who did consume soft drinks as mentioned in the previous question stated that they preferred soft drinks on a daily basis, followed by ten respondents who consumed it more than once a week.

**Q9: How do you feel about the following statements in relation to carbonated soft drinks?****a) Carbonated soft drinks are healthy**

Majority of respondents were neutral regarding the question that whether they thought of carbonated drinks as healthy, followed by an equal majority of respondents who strongly agreed that carbonated drinks were healthy (10) and somewhat agreed that carbonated drinks were healthy (10)

**b) Cheaper alternatives of some leading companies offer same quality**

Respondents strongly agreed that some cheaper alternatives available in the market of top brands offer the same quality

**c) Price is an important factor to you**

Majority of the respondents agreed that price as an important factor that they considered, this again points towards the fact that inflation is an issue affecting the purchasing power of consumers in Pakistan.

**d) I would purchase a cheaper alternative if it offers similar quality**

Majority of respondents stated that they strongly agreed that they would purchase a cheaper alternative if it offers similar quality as top brands.

**Q10: Please rank the Cola of your preference**

Majority of respondents stated that among the low priced alternate colas they preferred the Gourmet cola, followed by Amrat cola.

**b) I have stopped purchasing other brands altogether**

Majority of respondents somewhat disagreed to the statement that whether they had stopped purchasing other colas altogether after opting for gourmet cola.

**Gender****Age Group****Marital Status:****Education Levels:****Summary**

The focus questionnaire analysis points to the fact that majority of the target population that we selected for our product consumes carbonated soft drinks which supports the growth trends in the soft drink industry. The findings also

<https://assignbuster.com/soft-drinks-industry-consumer-behavior-marketing-essay/>

shed light on the fact that due to the recent upsurge in inflation in the country and the price hike in case of almost all commodities, consumers are now much more receptive towards other brands which offer cheaper colas with the similar taste, these cheaper alternatives according the respondents including, Shandy cola, Makkah cola, Amrat cola and Gourmet cola.

Respondents however stressed on the fact that these alternatives appealed to them not only because of the price but also because of the fact that they offered almost the same quality as colas from other top brands like Coke and Pepsi. Out of the cheaper alternatives people indicated that they preferred Gourmet cola more. The findings also pointed to the fact that the main influences in decision regarding the choice of soft drink came from family and friends, as these were the two main social; groups with which respondents spent most of their time and consumed drinks with. The respondents brought to attention the fact the advertising campaign of the cola companies like gourmet cola and amrat cola were not up to the mark and very rare, they suggested that a better as campaign would be able to boost awareness and recognition amongst potential customers and attract more customers to the relatively new cola.