

UDK:005.5

Paper received: February 22,2024

Paper accepted: April 29,2024

Journal of Entrepreneurship

And Buisiness Resilience

Year VII • Vol 7, No 1.

pp. 115–124

PROFESSIONAL PAPER

COMPARATIVE ANALYSIS OF MARKETING STRATEGIES AIMED AT ACHIEVING RESILIENCE AND AGILITY OF COMPANIES: A CASE SUDY OF COCA-COLA AND PEPSI

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ABSTRACT

Coca-Cola and Pepsi are two of the most popular and widely consumed carbonated beverages in the world. Despite their fierce competition and differences in products and marketing strategies, both companies share remarkably similar and world-class excellence in supply chain management practices. A comparative analysis of Coca Cola Company vs. PepsiCo reveals that both companies have a strong competitive position for continued expansion into new regions and segments. The business resilience strategies of Coca-Cola and Pepsi consist of many areas and aims to strengthen their business. Their business resilience vision is to deliver a best-in-class business resilience approach that identifies opportunities and drives sustainability and agility.

Keywords: Comparative Analysis, Marketing, business resilience strategies, agility, sustainability

JEL classification: M21, M31

INTRODUCTION

Coca cola and Pepsi have long been competing brands within the same marketing sector. Both companies are best known for their similar cola type soda's that have remained popular for now many generations [1]. These two brands were invented within the same decade and competed for the same market share, even as they expanded from their original beverages to more foods, drinks and so on [1]. As competition grew, the peaceful coexistence of these brands came to a head in the 1970s and has continued since that time [1]. In order to properly discuss the competition between these two enormous companies a baseline history is essential.

HISTORICAL OVERVIEW

Coca-Cola was created in the year 1886 in the city of Atlanta, Georgia [2]. The original beverage was sold by a pharmacy but would eventually expand far beyond the small apothecary it originated in Coca-Cola Company [2]. By 1896 the sweet beverage had its own store front, and by 1899 the company was bottling the soda to market outside of the city [2]. By 1915 the contoured glass bottle was created exclusively for the brand, and the company is a household name with the help of advertising campaigns that went national by the end of the 19th century [2]. The advertising techniques allowed them to grow internationally and were the first to offer six bottle packs of beverages instead of single bottles in stores . By the 1920s the company is running radio programs, using billboards and are considered one of the first Olympic Game sponsors [2]. Artists, actors, musicians, and other public figures help to further Coca-Cola's success, even taking on Santa Claus as a representative for the company. By the 1950s they began to expand their beverage catalogue and began to push boundaries of social politics.

The success inspired many copycats to attempt to make their own name in the industry, but they were unable to keep up with the name recognition. With, of course, the exception of Pepsi. The company moved to television advertising quickly and was applauded for its quick pick up of marketing trends and its ability to adapt and succeed over multiple generations [1]. Eventually they go on to acquire multiple other companies and have an incredibly large international influence, all due to successful marketing.

On the other hand, there is Pepsi Co. which was created in 1893 was also designed by a pharmacist. First deemed “Brad’s Drink” later evolved into the well-known Pepsi brand. The brand initially struggled to find a larger, more national brand and filed for bankruptcy in 1923, but had recovered by the 1930s when the company began to hit their stride. In the 1930’s the Pepsi Brand’s iconic red, white, and blue logo with the trademark script font helped to solidify them as not only a competitor to Coca-Cola but established themselves as an American brand with American values [3]. While Pepsi did not gain traction in the media the same way Coca-Cola had, it still remained in stores and eventually began to expand its beverage options and diversify its inventory [1].

The Pepsi generation was a campaign that first began in the 1960s and extended through the 1980s [2]. This campaign took advantage of similar tactics as Coca-Cola by gaining celebrity endorsements from big names like Michael Jackson, which made the brand more culturally relevant and could be considered some of the early use of influencer marketing [1]. The Pepsi generation campaign took advantage of the younger generations interest rather than utilizing classic americana like Coca-Cola had been for generations and as the 1960s were such an upheaval of traditional cultural values in the United States and across the world, this strategy endeared a more youthful audience that was tuned into social minutia [3].

It was not until the 1970s that the true competition between the two brands started to become more intense and more public in nature [2].

In 1975 Pepsi announced a new marketing challenge to its consumers called the “Pepsi Challenge” in order to combat Coca-Cola’s larger market share [3]. This challenge was largely what pushed the “Pepsi or Coke?” discussion still held today. The challenge consisted of blind taste tests between the two colas which were filmed and presented as evidence that Pepsi did have a better flavor. This insightful comparison and competition between these brands on a public scale, it became something people tried at home and took sides on which ultimately increased sales for both sides [3]. This intense competition insights by the Pepsi Challenge led to the “Cola Wars” from 1980s through much of the 1990s. Both brands began to alter, and experiment with new advertising techniques that often pitted one against another either directly or more abstractly [2]. These targeted campaigns were unlike any other in the time period, as it was two similar food and drink brands competing for the world to see rather than behind closed doors – this was a public fight that the consumers relished making their own statement [3]. Coca-Cola, in an effort to become trendier released “New Coke” in response to Pepsi’s market gains in 1985, however this backfired on Coca-Cola because so many patrons were deeply connected to the original formula and felt betrayed by the change [4]. The original formula for Coca-Cola was replaced by the new Coke formula which lacked the same traditional taste their consumers had become attached to, which hurt not only their market share but also hurt their steadfast reputation for consistency [4]. The soda was sweeter than the original and that was used to as a marketing angle as it was the sweeter taste of Pepsi that was preferred in the blind taste test created in the Pepsi Challenge [2]. The original Coke flavor was retired / discontinued in April of 1985 [3].

In the past, Coca-Cola had been consistently the best, while Pepsi struggled, merged with Frito-Lays and desperately tried to make up ground. In the 1980’s Coca-Cola experiences its first significant shift as Pepsi gained ground, and as a result started to create versions

of the original that could be adopted by a larger audience [1]. This lead to the creation of diet coke. However, this did not help gain much more traction, and the outrage from original Coca-Cola fans inspired the “The choice of a New Generation” campaign by Pepsi which sought to usher in a new era of Pepsi. Due to the backlash, Coca-Cola announced its rerelease of its original formula just a few months after its initial discontinuation [4]. In a stroke of genius, Coca-Cola choose to not replace their new formula with the original formula but to market both one as Coke or Coca-Cola and one as Coca-Cola Classic [4] . The New Coke formula eventually outsold Coca-Cola Classic and the classic was once again retired in the mid-2000s .

THE BRANDS’ COMPETITION AND MARKETING SCHEMES

It is impossible to discuss the brands’ competition and marketing schemes without understanding the subtle but recognizable values that each brand chooses to align themselves with. Coca-Cola is often portrayed as the Americana, wholesome, clean-cut brand with its marketing focusing on nostalgia and americana heritage like the utilization of Santa Claus in its advertising – which helped solidify the image of Santa Claus we have today [3]. It was associated with the American Dream, close knit friendships, wholesome family dynamics and peace [3]. The iconic “Hilltop” TV commercial became one of the best-known campaigns in marketing history. “Hilltop” was produced in 1971 and offered the audience a look at the potential for world peace, embracing the love and freedom of the era by promoting global unity.

In contrast, Pepsi was always focused on forward movement and modernization which they reinforced with the 60’s and 70’s campaign “Think Young” which served as a stark divergence from the Americana of Coke even before they began to make larger

market strides with the Pepsi Challenge in 1975 [3]. Pepsi became quickly synonymous with pop culture, music and celebrity [4]. They proved themselves to be a more socially conscious brand that looked to move away from the past and leaned on youthful consumers to connect with their new age material. The “Pepsi Generation” concept was introduced just before the “Hilltop” ad from Coca-Cola and it forced on connecting with the pre-Vietnam war youth demographics [4]. The Pepsi marketing team worked hard to differentiate themselves, and in doing so hoped to present their brand as new and dynamic rather than conservative and traditional like Coca-Cola.

The Cola War’s began shortly after these iconic campaigns from both companies, and it is not secret that part of the enhanced marketing competition was due to the end of the Vietnam War, the end of a 19-year trade embargo and the ushering in of new cultural traditions. Pepsi’s “The Choice of A New Generation” campaign took a genius step towards brand loyalty and awareness in East Asia by providing over 40,000 free bottles to give out as samples which led to an enthusiastic reaction in Vietnam [2]. While Coca-Cola rebranded with a friendly “Vui Mung Gap Lai Cac Ban” slogan which translates to “It’s good to see you again”. This was each company first foray into international marketing in countries that do not share similar capitalistic social system like their home country of the United States [4]. With hiccups along the way, both companies began to have international brand recognition.

INTERNATIONAL BRAND RECOGNITION

Both companies now have an enormous global presence and serve as parent companies for an enormous catalogue of brands. Their scope has continued to grow philanthropically as the culture for mega corporations turned against them in recent years [5, 6]. Many of the Pepsi and Coca-Cola owned brands are produced at the same

facilities but are marketed much differently than the parents' companies' original food and beverage products – often hiding their connection to the larger firm all together in an effort to create distance from their mega corporation identities [6]. In the recent years health initiatives have harmed the brands, especially the push to reduce sugar sweetened beverage consumption in the US and abroad as a result of increased obesity rates [7]. The subsidiaries with healthier focuses, like organic foods, clean eating and those with health-conscious identities started to sell well, despite being owned by Pepsi and Coca-Cola Companies [7,9].

Both companies have struggled, market shares losing value in a world more focused on healthy alternatives than the traditional foods and beverages of America's past [7]. However, Coke has had more success as it rereleased classic, retro Coca-Cola which is very on trend and has been diversifying their flavors and celebrity partnerships to stay relevant – a tactic used mostly by Pepsi in the beginning of their conflict [4,7,8]. This only further demonstrates the influence and growth potential of these brands as they grew and changed together, ebbing and flowing constantly to maintain their market shares [6,12]. Coca-Cola and Pepsi have both solidified themselves in marketing history, guiding many other companies under their influence. To be resilient, these organizations need to adapt to customer demands sooner, execute better programs quickly, and deliver measurable results faster [11].

CONCLUSION

Both The Pepsi Challenge and New Coke campaigns have long been considered on of the most notable and important moments in marketing history [6]. The two campaigns showed more starkly than ever the strong emotional connection and brand loyalty that consumers possess and how that can drastically alter an industries baseline and standards [4,6]. These campaigns and brands have had

an enormous impact on how items are marketed today and ultimately their competition is the essence of each brands success. The companies' resilience and agility will help determine which are successful and which aren't in the volatile and uncertain world of today and the future [10, 13].

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