Pepsico In Mexico (A): Managing In A Storm
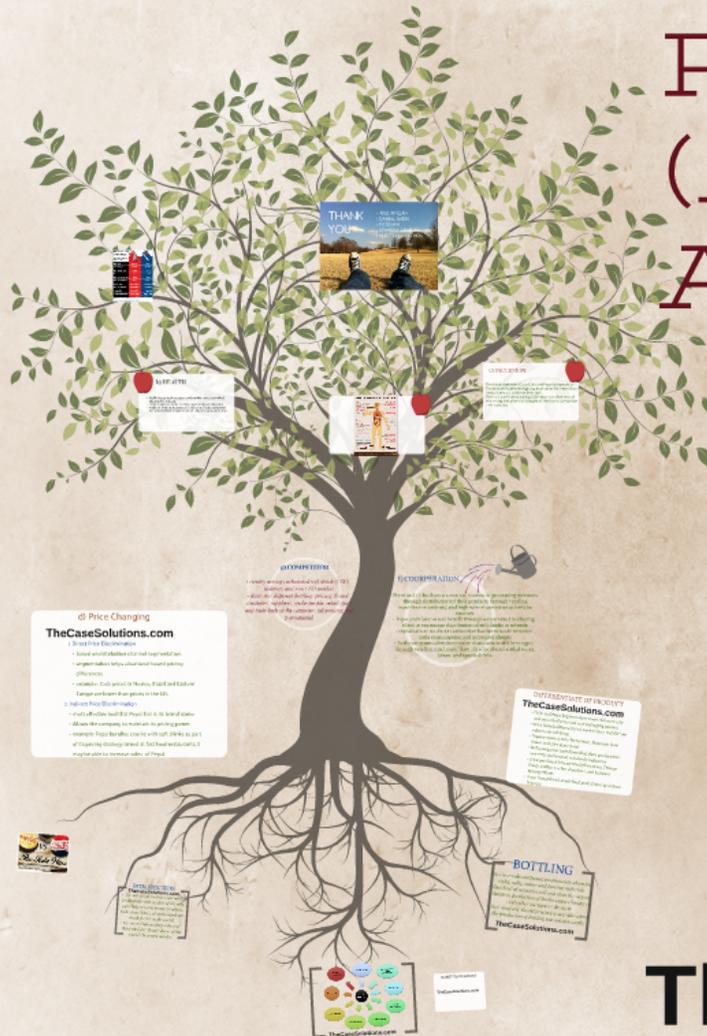
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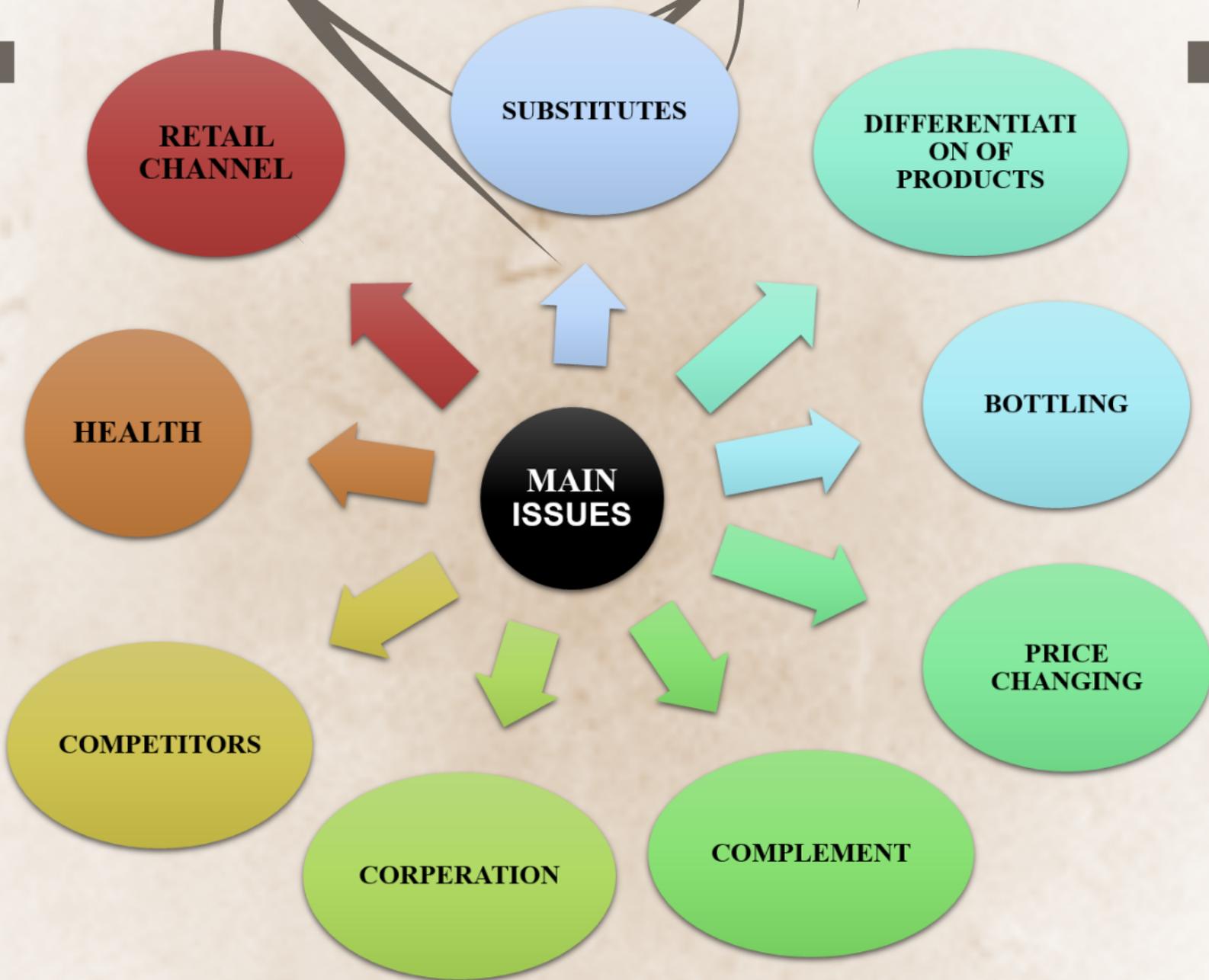Coca-Cola VS Pepsi-Cola

The Soda Wars

INTRODUCTION

- *The soft drink industry has been profitability one in spite of the cola wars between two largest products (coke and Pepsi) of carbonated soft drink (CSD) in the world.*

- *For more than century coke and Pepsi vied for 'throat share' of the world's beverage market.*

SUBSTITUTE GOODS

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BOTTLING

- *In Coca-cola companies continuously changing styles, sales, colour and bottling materials.*
- *That kind of activities will cost than the success.*
- *change in production of bottles cause changes in cost either increase or decrease.*
- *That company should produce a new idea about the production of bottling but not constantly.*

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DIFFERENTIATE OF PRODUCT

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- Coke and Pepsi began to experiment with new cola and non cola flavors and new packaging options.
- Coke launched Fanta (1960), Sprite (1961), and the low calorie cola tab (1963).
- Pepsi countered with Teem(1960), Mountain Dew (1964), and Diet Pepsi (1964).
- Both companies have diversified their product into non-CSD (carbonated soft drink) industries.
- Coke purchased Minute Maid (fruit juice), Duncan Foods (coffee, tea, hot chocolate), and Belmont Springs Water.
- Pepsi merged with snack-food giant Frito-Lay to form PepsiCo.

d) Price Changing

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1. Direct Price Discrimination

   - based on distribution channel segmentation.

   - segmentation helps situational-based pricing differences.

   - example : Cola prices in Mexico, Brazil and Eastern Europe are lower than prices in the U.S.

2. Indirect Price Discrimination

   - most effective tool that Pepsi has is its brand name.

   - Allows the company to maintain its pricing power.

   - example: Pepsi bundles snacks with soft drinks as part of its pricing strategy aimed at fast food restaurants, it may be able to increase sales of Pepsi.