

Cola Wars Continue: Pepsi and Coke Harvard Case Solution & Analysis



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Situation

- Coca-Cola and Pepsi-Cola begin in late 19th Century
- Become leaders in Carbonated Soft Drink (CSD) oligopoly (Later bottling industry)
- 10% annual growth 1975-1990
- 2009: Combined 72% of US CSD Industry

Challenge

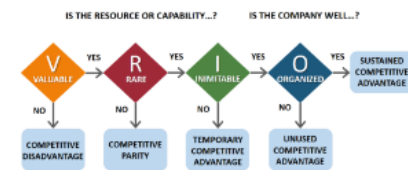
- Consumption of CSD is dropping
- Nearly all competitive advantage in CSD industry is temporary

Case Questions

- Why is profitability different in concentrate vs. bottling?
- How has competition affected industry profits?
- Why doesn't the war escalate out of control?
- How can Coke and Pepsi sustain profits with fizzing demand?

Result

-  - 1960: Coke launches Fanta, Sprite, Tab
- 1960: Pepsi launches Teem, Mountain Dew, Diet Pepsi
-  - 1970: Pepsi sells unsweetened concentrate
- 1978: Coke sells unsweetened concentrate
-  - 1960-1980: Diet-Pepsi is widely successful
- 1982: Coke introduces "Diet Coke"
-  - 1986: Coca-Cola enterprises (CCE), Pepsi Bottling Group (PBG)
- 2009: Pepsi buys back PBG, Coke buys back CCE



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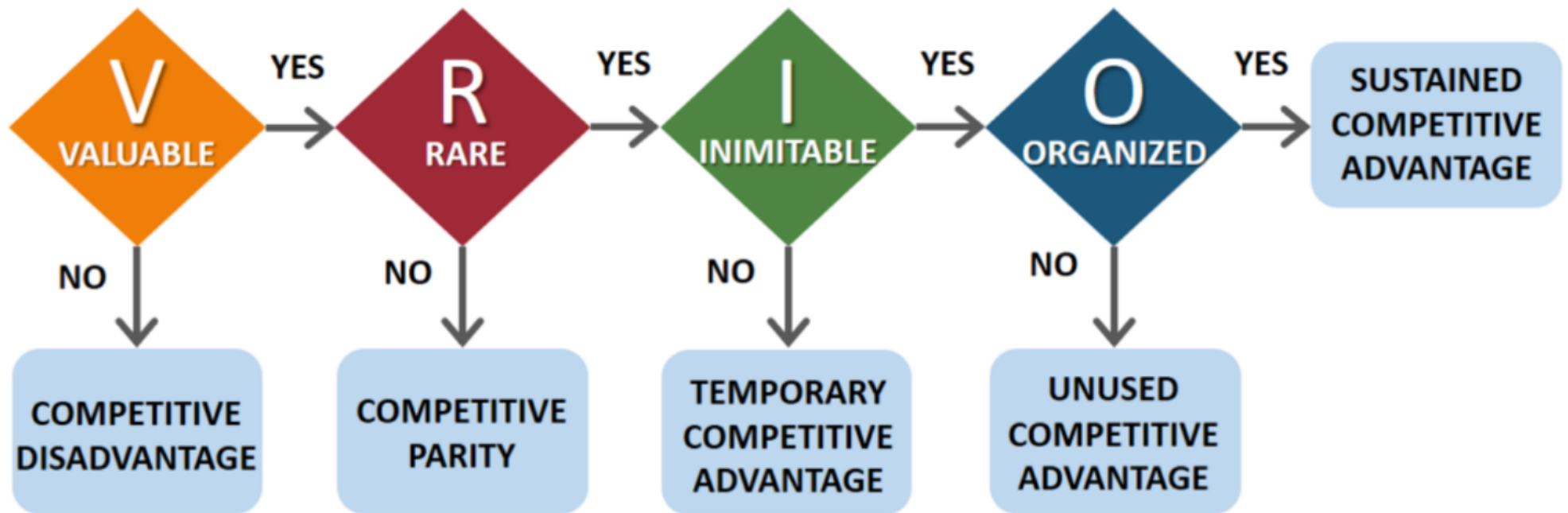
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IS THE RESOURCE OR CAPABILITY...?

IS THE COMPANY WELL...?



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