

MARKET ANALYSIS AND BRAND PREFERENCES FOR COCA-COLA SLIM CANS

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ABSTRACT

The goal of the study is to find the 'market potential' for Coke slim cans in South Indian market especially urban market. So a research was conducted to get the response from consumers as well as retailers. Retailers has been categorised into 5 types which includes 'convenient stores', 'Eat & Drink stores', 'Grocery', and 'Modern Trade' and 'Restaurants/ Theme Parks/ Railways' to get response. The consumers has been categorised into 3 groups. They are 'Students', 'Employee', and 'Business persons', to know the demographics of consumers who preferred to buy Coke cans.

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INTRODUCTION

To find the 'market potential' in South India through 'Market analysis and Brand preferences for Coke slim cans, a research was done in Hyderabad, Bangalore, Chennai and Trivandrum. So retailers has been categorised into 5 types to get response related to supply of Coke, how they felt about the packaging of Coke, how many cases they are selling per week, which brand has more sales, why they prefer to sell bottles than cans even though margin for cans is more. Consumers has been categorised into 3 groups. Employees preferred to take Coke cans more than others even though it is costly because of high disposable income compared to the other groups. More than **80%** of consumers prefer cool drinks. Many consumers prefer Coke cans for refreshment and many consumers i.e. more than **50%** of consumers are aware of Coke cans through display fridges. So they are playing a crucial role in sales of Coke cans, but the company is unable to supply required number of display fridges. The main reason for not preferring Coke cans among consumers even though they are aware of Coke cans is cost factor and availability of substitutes.

INDUSTRY OVERVIEW

Global Scenario:

Global sales of soft drinks exceed 327 billion litres and are valued at more than US \$393 billion annually. North America, Europe and Japan are the most mature markets for global soft drinks. The ratio of Carbonated Soft Drink (CSD) portfolio to the non-carbonated now stands at 2:1, a big change from 9:1 a few years back. Over the past 12 months, major emerging markets including Brazil, China, Argentina and India produced solid volume gains for Coca-Cola.

Coca-Cola has the following shares globally

- 42% in the United States
- 37% in Mexico, India, Brazil, Japan and the People's Republic of China
- 20% spread throughout the rest of the world

→Globally, Coke, which is globally market leader, has **50%** share in carbonated drinks where as Pepsi, which ranked 2nd in the world, has **20%** market share in carbonated drinks. Remaining **30%** is owned by local players

Indian Scenario

The Indian carbonated industry is worth Rs 60-billion and growing now at **5%** annually with a compound annual growth rate of 4.5% where Coke and Pepsi have a combined market share of around **92%** directly or through franchisees. The market consists of cola products

and non-cola products of which the cola segment constitutes **62%**; non cola segment has **30%**

The per capita consumption of soft beverages (packaged) excluding water is less than 3 litres per annum in India against that of Germany at 80 litres per capita per annum, UAE 200 litres per capita per annum. Approximately 120 billion litres of beverages are consumed by Indians every year, but only 5% represent store-bought packaged beverages.

- India ranked 3rd as the beverage consumption after the USA and China
- Carbonated Drinks Market size: \$1.5 Billion
- Peak season soft drink consumption: 25 million crates per month, Off-season soft drink consumption: 15 million crates per month

→In India, Coca-cola is the market leader with 57.8% followed by Pepsi with 35.6% remaining 6.6% is occupied by local brands like 'Zydus', 'Real' (from Dabur), 'Appy fizz', 'Frooti', 'LMN' (from 'Parle-Agro') Rasna and Tang.



Chart1: Market share of Coca-Cola India w.r.t global sales.

OBJECTIVE OF THE STUDY

- The objective of the study is “Market Analysis and Brand Preferences of Coke Slim Cans” in South Indian market.

METHODOLOGY

To know the “Market Analysis and Brand Preferences of Coke Slim Cans” in South Indian, respondents have been divided into consumers as well as retailers. The sample size chosen is 1000, in which 500 retailers and 500 consumers. Retailing sector has been divided into 5 categories. They are ‘convenience shops’, ‘Eat & drink stores’, ‘Grocery stores’, ‘Modern Trading stores’ and ‘Restaurants/ Theme Parks/ Railways/ Bus stand’. The cities covered to get responses are Chennai, Bangalore, Hyderabad, and Trivandrum. So from each area of city an average of 2 retailers are chosen to collect responses from each category of retailers. Consumers have been divided into various categories according to their profession i.e. ‘Student’, ‘Employee’ and ‘Business person’. From each area of city an average of 3

consumers is chosen. In this way accurate responses are collected from people with different background. Sampling method used is 'Non-Probability Sampling' i.e. 'Quota sampling'. An average of 12 areas has been selected in each city of South India and from each area an average of 10 respondents for consumers and 10 respondents from retailers has been selected. Majority of the areas chosen to collect responses are 'Urban' areas because of high demand for Coke slim cans.

The research design employed is 'Descriptive Research' with 'Cross-sectional studies' i.e. the research is done only for one time. The method of accessing data is 'Primary Data' i.e. data gathered from respondents by using 'Quantitative research'. To collect accurate information the type of survey used is 'Person-Administered survey'. The format of questionnaire used is 'Closed-Ended' with 'Dichotomous' and 'Multiple Category' questions so that it is easy to collect accurate responses with less time.

The 'Associative analysis' has been done to know the relation between 'income range', 'frequency of buying cans' and 'occasion' in buying Coke cans i.e. their influence on sales of Coke cans. The relation between those variables has been calculated by using 'SPSS'. The statistical tools 'Cross-tabulation', 'Chi-square' and 'Correlation' has been used to analyse relations between variables. 'Friedman's test' has been used to know the aggregate rankings of various brands.

OBSERVATIONS AND ANALYSIS

Survey of Consumers in South India

For each area an average of 10 samples are taken to conduct research for 'Market Analysis and Brand Preference for Coca-Cola slim cans' in cities of South India. So as to reach 500 consumers in South India.

86% of the consumers **prefer soft drinks** as a refreshment option while **14%** of the people **do not** prefer cool drinks as their refreshment because of health issues or health consciousness. These **14%** are seeking various alternatives like fruit juices and dairy products.

	Mean Rank
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Coke	4.17
Fanta	2.66
sprite	3.27
Thums-up	5.98
Maaza	3.77
diet Coke	5.49
Limca	5.98
Nimbu fresh	6.53
pulpy orange	7.23
100% minute maid juices	9.92

Table1: Mean Ranking of Coke products using Friedman's test

Fanta with 2.66 has highest priority and 100% minute maid juices have lowest priority.

This is because of low awareness.

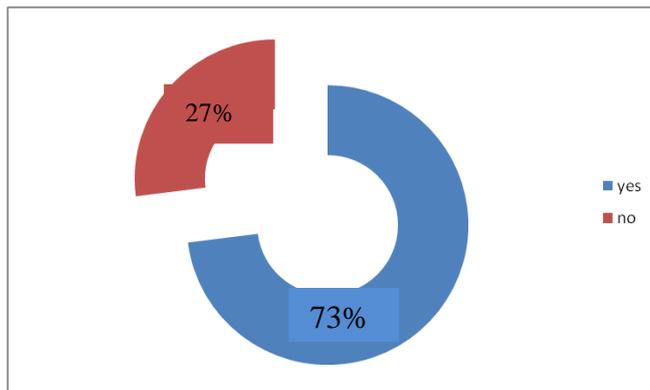


Fig1: Awareness of Coke cans among Consumers

→ 52.39% of consumers are aware of Coke cans through display in outlets, 47.61% of consumers are aware of Coke slim cans through friends. This tells the importance of display fridges

→ 62% of consumers are buying Coke cans, 38% of consumers are not buying Coke cans

→ The reasons for not buying Coke cans are health consciousness among consumers and availability of substitutes with less cost

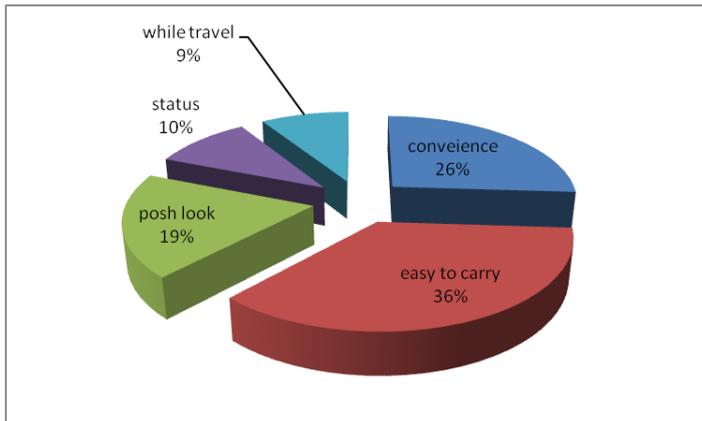


Fig2: Reason for buying Coke slim cans

Majority of consumers felt that the reason for buying Coke cans is that it is easy to carry unlike bottles which have to be returned to retailer.

→70% consumers felt packaging is 'good'. As packaging has a big role in sales, it is very crucial to have a good packaging. 17% of consumers felt it is excellent, 12% felt it is 'fair' and only 1% says it is poor. So consumers are satisfied with packaging

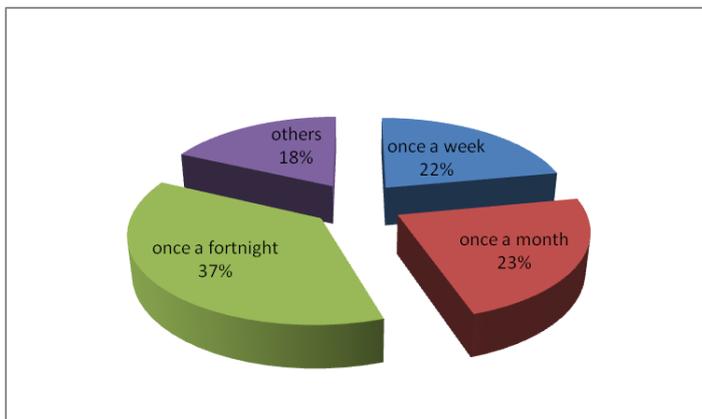


Fig3: Frequency of buying cans by consumers

→Majority of consumers are buying Coke cans once in 2 weeks

→50% of the consumers consuming Coke cans are for refreshment, 28% consumers prefer use of cans in parties as it is easy to serve instantly, 15% consume while having food and 6% people consume in home functions.

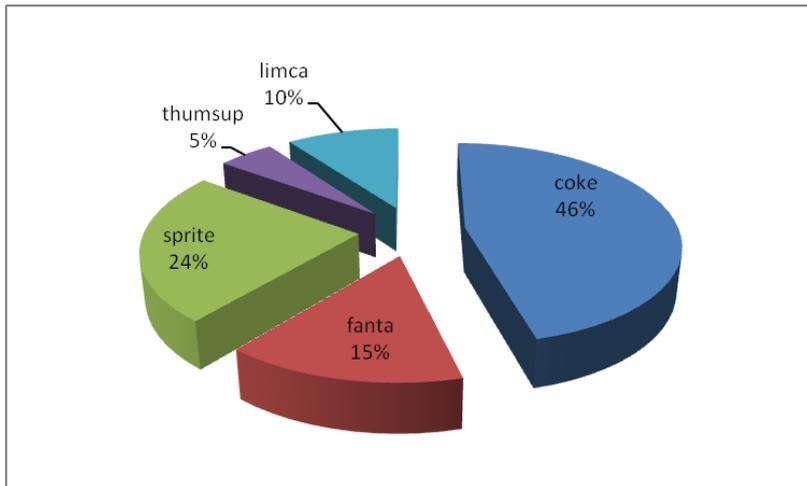


Fig4: Preference of various brands in cans among Coke products

→Majority of consumers prefer to take Coca-cola cans than other Coke brands

→**58%** of consumers felt Coke cans is available only in selected store's, **20%** felt it is available everywhere, **18%** felt it is available in malls, **4%** felt the Coke cans will be available on demand.

The **retail sector** is divided into **4** types. They are:

Convenient shops which sell pan, bidi, cigarette, buns or tea shop's

Eat & Drink shops which are nothing but bakeries

Grocery shops which sell home need items like pulses, rice, flour etc.

Modern trade which is nothing but super market, hyper market etc.

Restaurants/Theme Parks/Railway or Bus stands

→Only **49%** of retailers are buying Coke cans. **51%** of them are not buying it because of several factors like less demand, no supply and no display fridge.

→**54%** of retailers felt that they are not buying Coke cans because of less demand and **46%** for not enough supply and improper supply of display fridge.

→**69%** of retailers purchase other brand cans along with Coke cans. **31%** prefer to buy only Coke. So there is a competition where retailers purchase both Coke cans and also Pepsi 'My Cans'. If a company promotes well, consumer can ask for that item. So promotion is very crucial to beat competition.

→Retailers prefer to buy Pepsi cans other than Coke cans. So for Coke, biggest competitor in cans is Pepsi. Only **4%** of cans are from other brands like RedBull.

→**61%** of consumers prefer to take Coke. Only **39%** of consumers prefer to take Pepsi cans.

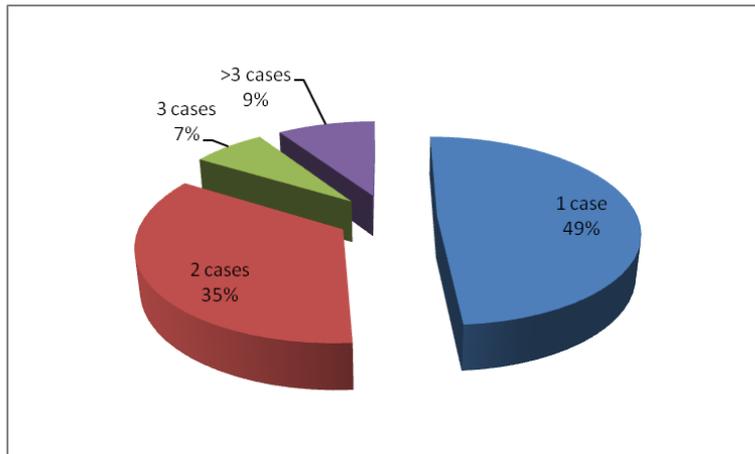


Fig5: Sales of Coke cans cases per week

→Majority of the sales of Coke cans is one case i.e. 12 cans per week; but majority of restaurants has a sales more than 3 cases.

→**80%** of retailers prefer to sell bottles than cans even though they are getting high margin for cans because of demand for bottles and the maintenance cost of can is higher than bottle.

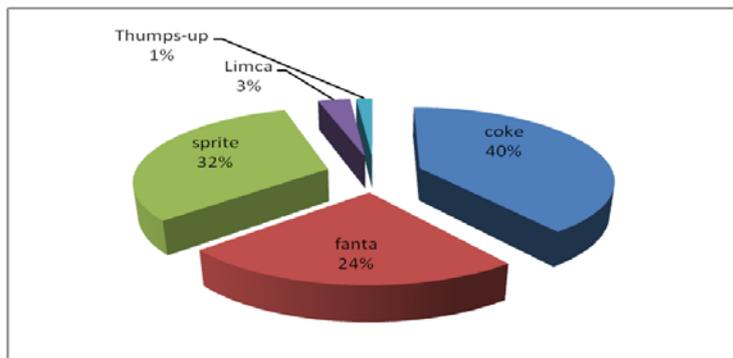


Fig6: Percentage sales of various branded cans in Coca-cola

Coke cans has highest sales followed by Sprite, Fanta, Limca and Thums-up

→In bottles Fanta has highest sales; but for cans, Coke has highest sales.

→**67%** of retailer's felt packaging of Coke cans is good **19%** felt it is excellent, **8%** felt it is fair and only **6%** felt packaging is poor.

			income range					Total
			<1L	1-2L	2-4L	4-6L	>6	
brand preference	Coca-cola	Count	46	44	56	25	23	194
		% within brand preference	23.7%	22.7%	28.9%	12.9%	11.9%	100.0%
	Pepsi	Count	27	54	39	14	14	148
		% within brand preference	18.2%	36.5%	26.4%	9.5%	9.5%	100.0%
	others	Count	18	9	18	11	6	62
		% within brand preference	29.0%	14.5%	29.0%	17.7%	9.7%	100.0%
Total		Count	91	107	113	50	43	404
		% within brand preference	22.5%	26.5%	28.0%	12.4%	10.6%	100.0%

Table2: Influence of income range on brand preference

46 consumers who are in <1 lakh range are seeking Coca-cola cans. 54 consumers who are earning between 1-2 Lakh are preferring Pepsi, 56 consumers earning between 2-4 Lakh are preferring Coke cans, 25 consumers earning between 4-6 Lakh are preferring Coke cans same as for >6 Lakh. So from this we can say that consumers prefer Coke cans over Pepsi cans.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.732(a)	8	.046
Likelihood Ratio	15.760	8	.046
Linear-by-Linear Association	.146	1	.703
N of Valid Cases	404		

Table2.1 Significance values which denotes the influence of income range on brand preference using Chi-square tests

H_0 : There is no relation between income range and brand preference (null hypothesis)

H_1 : There is a relation between income range and brand preference (alternative hypothesis)

As the significance value is .046, which is less than 0.05. So we accept null hypothesis i.e. there is no relation between income range and brand preference.

Crosstab

			Frequency of Buying				Total
			once a week	once a fortnight	once a month	others	
brand preference	Coca-cola	Count	51	51	40	28	170
		% within brand preference	30.0%	30.0%	23.5%	16.5%	100.0%
	Pepsi	Count	28	35	33	31	127
		% within brand preference	22.0%	27.6%	26.0%	24.4%	100.0%
	others	Count	3	12	12	22	49
		% within brand preference	6.1%	24.5%	24.5%	44.9%	100.0%
Total		Count	82	98	85	81	346
		% within brand preference	23.7%	28.3%	24.6%	23.4%	100.0%

Table3: Influence of frequency of buying cans on brand preference

51 consumers prefer Coke cans once in a week, same as for fortnight, **40** consumers prefer Coke cans once in a month **and 31** consumers prefer Pepsi cans less frequently i.e. more than a month.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.225(a)	6	.001
Likelihood Ratio	24.069	6	.001
Linear-by-Linear Association	20.443	1	.000
N of Valid Cases	346		

Table3.1: Chi-square values reveal the relation between frequency of buying and brand preference

H_0 : There is no relation between frequency of buying and brand preference (hypothesis)

H_1 : There is a relation between frequency of buying and brand preference (alternative hypothesis)

Here the significance value is **0.001** which is less than **0.05**. So we accept null hypothesis i.e. there is no relation between frequency of buying and brand preference.

Crosstab

			Occasion				Total
			home functions	parties	refreshment	while having food	
brand preference	Coca-cola	Count	14	37	98	21	170
		% within brand preference	8.2%	21.8%	57.6%	12.4%	100.0%
	Pepsi	Count	11	29	70	17	127
		% within brand preference	8.7%	22.8%	55.1%	13.4%	100.0%
	others	Count	4	19	21	5	49
		% within brand preference	8.2%	38.8%	42.9%	10.2%	100.0%
Total	Count	29	85	189	43	346	
	% within brand preference	8.4%	24.6%	54.6%	12.4%	100.0%	

Table4: Relationship between occasions and brand preferences

14 consumers prefer Coke in home functions, 37 for parties, 98 for refreshment and 21 prefer Coke cans while having food.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.566(a)	6	.363
Likelihood Ratio	6.089	6	.413
Linear-by-Linear Association	1.527	1	.217
N of Valid Cases	346		

Table4.1: Chi-square values showing the relation between occasions and brand preference

H₀: There is no relation between occasion and brand preference (hypothesis)

H₁: There is a relation between occasion and brand preference (alternative hypothesis)

Here the significance value is **.363** which is greater than **0.05**. So we are rejecting null hypothesis i.e. there is a relation between occasion and brand preference.

FINDINGS

- Coca-Cola cans has highest sales when compared to other brand cans belong to Coke.
- Many consumers are aware of Coke cans through display fridges.
- Consumers are more health conscious than before. So they prefer to take more fruit juices and dairy products than cool drinks.
- The sale of Coke cans is more in urban as well as IT sez areas than in rural areas that felts it is costly.
- More than 10% of consumers say Coke cans are not available in their area; so they are unable to buy them. If company increases supply, they can tap those 10% share.
- 70% of consumers felt the price of Coke cans is 'reasonable'.
- Younger generation, especially employees prefer to buy Coke cans than older people.
- As retailers are placing other brand items in display fridges supplied by Coke, they are competing with Coke products.
- Fanta and Thums-up are preferred in bottle category while Coke is preferred in can category.
- 'Income' and 'frequency of buying' has no influence in preferring Coke cans, but 'Occasion' has an influence in preferring Coke cans.

RECOMMENDATIONS

- Coca-Cola needs to be more competitive as well as innovative because fruit and dairy segments are growing 15% CAGR.
- Coke has to come up with more health drinks to target health conscious consumers.
- Coke has to increase the promotional activities for Coke slim cans and compete with Pepsi.
- Coke has to introduce its products with less sugar and with fewer calories to target health conscious consumers.
- As many consumers are aware of Coke cans through 'display fridges'. So Coke should supply display fridges without delay by having manufacturing unit in specific location in South India.

CONCLUSION

The report has shown that Coca-Cola has a good presence in South Indian. The packaging and design of its cans is very good with high acceptance among consumers as well as retailers. Many consumers felt the price of Coke cans is reasonable and majority of consumers prefer to take Coke for refreshment. The income range and frequency of buying has no influence on buying Coke cans. 'Occasion' has an influence on buying Coke cans.

Majority of consumers are aware of Coke cans through 'display in outlets' i.e. mostly by display fridges. So it is playing an important role in sales of Coke cans. But Coke is unable to supply fridges for retailers because of delay in manufacturing them. Even though Coke has some disadvantages, still it is the leader in sales of bottles as well as cans in South Indian market because of high demand in hot summer. Even though there are no promotions for Coke cans, still the sales of Coke cans are higher than Pepsi 'My cans' because of strong recognition and image of its brand.

CHART

Chart1: Market share of Coca-Cola India with respect to global sales.

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Table2.1 Significance values which denotes the influence of income range on brand preference using Chi-square tests

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Table4.1: Chi-square values showing the relation between occasions and brand preference

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Fig3: Frequency of buying cans by consumers

Fig4: Preference of various brands in cans among Coke products

Fig5: Sales of Coke cans cases per week

Fig6: Percentage sales of various branded cans in Coca-cola

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