

## A COMPARATIVE STUDY AND MOTHER BRAND INFLUENCE ON DETERMINING THE CONSUMER PERCEPTION OF DIET COKE AND DIET PEPSI: A UK MARKET PERSPECTIVE

Md. Tamzidul Islam\*

### ABSTRACT

The aim of the research is to identify and compare the level of customer perception towards Diet Coke and Pepsi, the influence of the mother brand on these product purchase decision and other factors that contribute to the positive and negative perception among the consumer. There are significant evidence from the literature that the global brand like Coca-cola and Pepsi has significant impact on its entire product line like Diet Coke and Diet Pepsi. For that the companies has given significant concentration towards establishing unique global brand as Coca-Cola and Pepsi. Although there are also evidence that there are some differences in the marketing execution strategy across different countries due to the social and cultural factors. This particular research has investigated current market situation, brand strategy, communication attractiveness, customer perception from different literatures. Then it proceeds towards a deeper analysis of the research done in the past to have a proper understanding of the topic area. Some models about brand strategy and branding process has been drawn and explained so that the readers can get the subject matter very easily. For the analysis data gathered from both primary and secondary sources considered to evaluate customer perception towards these two brands and in doing so the research considered top of mind awareness, brand loyalty, availability, satisfaction with taste, pack design and sizes and product variants, perceived share value etc. Out of the market feedback there are strong evidence that although consumers perceive differences between Diet

\* BRAC Business School, BRAC University, Mohakhali C/A, Dhaka , Bangladesh

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories  
Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gate, India as well as in Cabell's Directories of Publishing Opportunities, U.S.A.

International Journal of Marketing and Technology  
<http://www.ijmra.us>

Coke and Diet Pepsi, however the key deciding factor is the mother brand image and reputation. In that case Coke has been rated quite higher than Pepsi in terms of taste, availability, communication means in both tangible and intangible factors. Apart from brand the companies also should more focus on adding value on product like taste, packaging, efficient distribution, retail management, loyalty scheme etc. But due to the health phenomenon these two brands have huge potential to grow and get the market share of regular version.

**Key Word:** Perception, Soft drinks, Purchase Intention, Hypothesis, Brand and Branding

## I. INTRODUCTION

Now a day people are more concern about the health than it was before. Due to this concern people tend to evaluate different ingredients associated with the food they consume. Though the consumption of soft drinks has been increased at the same time people consider the health issues while choosing different brands. Today, people are constantly exposed to a variety of toxic chemicals primarily due to changes in life style. The food we eat, the water we drink, the air we breathe, and the environment we live in are contaminated with toxic xenobiotics (Xavier et al., 2004). A large number of conventional soft drinks cause dental enamel erosion (Jandt, 2006). Soft drink induces with demineralization of dental enamel has increased sharply over the last decades and is a major cause of tooth decay in the younger age group. Trends in beverage consumption have changed during the past five decades. The proportion of persons of all ages consuming soft drinks, the portion sizes and the number of servings have all increased (Nielsen and Popkin, 2004). In the United States alone, the per capita consumption of soft drinks increased from 11 gallons/year to 49 gallons/year. Soft drink consumption in children has increased by 48% in 1998 compared to 1977 (French et al., 2003). Soft drink consumption among children in the age group of 9-16 years has been found to be associated with an increased incidence of wrist and forearm fractures (Ma and Jones, 2004). Heavy consumption of soft drinks has also been implicated as one among the many risk factors for cancer. Changing life style, including the nutrition (soft drinks) at pubertal stage may be one of the factors for the development of breast cancer (Vandeloo et al., 2007). Recent studies have shown that the consumption of soft drinks, and sweetened fruit soups are positively associated with a greater risk of pancreatic cancer (Larsson et al., 2006). Soft drinks have also been concerned in the expansion of headache. The patients suffering from hot or soft fuzzy drinks consumption cause

which is similar to migraine attacks, following consumption of (Selekler and Komsuoglu, 005). Sometimes components of soft drinks compromises the blood flow to brain, leading to anxiety, insomnia, paranoid features, frank psychosis and even lead to death in excess doses (Watson et al., 2000)

The situation for both Coke and Pepsi, are trying to gain market share in this beverage market, which is valued at over \$30 billion a year. The facts are that each company is coming up with new products and ideas in order to increase their market share. The creativity and effectiveness of each company's marketing strategy will ultimately determine the winner with respect to sales, profits, and customer loyalty. Not only are these two companies constructing new ways to sell Coke and Pepsi, but they are also thinking of ways in which to increase market share in other beverage categories. Although the goal of both companies is exactly the same, the two companies rely on somewhat different marketing strategies. Pepsi has always taken the lead in developing new products, but Coke soon learned their lesson and started to do the same. Coke hired marketing executives with good track records. Coke also implemented cross training of managers so it would be more difficult for cliques to form within the company. On the other hand, Pepsi has always taken more risks, acted rapidly, and was always developing new advertising ideas. Both companies have also relied on finding new markets, especially in foreign countries. In the foreign markets, Coke has been more successful than Pepsi. For example, in Eastern Europe, Pepsi has relied on a barter system that proved to fail. However, in certain countries that allow direct comparison, Pepsi has beaten Coke. In foreign markets, both companies have followed the marketing concept by offering products that meet local consumer needs in order to gain market share. (Vandeloo et al., 2007).

Both of these products Diet Coke and Pepsi may have significant influence by the mother brand Coke and Pepsi. There would be other factor like: taste, availability, packaging which drive the customer for the purchase decision will also be captured in this study.

The key Objective of this particular study is to identify the customer perception level towards the diet coke and compare with Pepsi. The secondary objectives encompass on the area such as to identify how much influence of the mother brand on this product during purchase decision. And also to identify the factors that contribute to the positive and negative perception among the consumer.

## II. LITERATURE REVIEW

### BRAND AND BRANDING

In today's world, the biggest distinction between two products is the brands that represent them. So the question comes then what is brand? Brand is the perception towards any particular product, service or business. A brand can be a name, sign, symbol, color combination or slogan. Brand works as an image in the customer minds. It is the unique characteristic that helps to differentiate a particular product or services from the competitors' product or services. Sometimes brand becomes a name of a particular product line. Now a day, brands are the most important asset in any business. Most of the products and services on the market have to compete with similar products and services manufactured by other brands, there are only a few aspects that typically help to differentiate the two brand's products. These include the price and quality of the product, and any unique characteristics of the product. However, when these characteristics are too similar to differentiate, it is the brand itself that helps to determine which product or service will be chosen. (Kapferer, 2004)

Customer based definition of brand says about the measurement of financial approach. Financial approach measure brand value is additional cash flows created by the brand. This additional cash flows that amount which customers are willing to pay for buy a specific brand product than a competitors, even the another brand are cheaper, Kapferer,(2004) .

So branding is when that idea or image is marketed so that it is recognizable by more and more people, and identified with a certain service or product when there are many other companies offering the same service or product. According to Bennett, R (1998), "Branding is an important part of Internet commerce, as branding allows companies to build their reputations as well as expand beyond the original product and service, and add to the revenue generated by the original brand."

According to Fill (2005), Branding is also a way to build an important company asset, which is a good reputation. Whether a company has no reputation, or a less than stellar reputation, branding can help change that. Branding can build an expectation about the company services or products, and can encourage the company to maintain that expectation, or exceed them, bringing better products and services to the market place. So all together, branding doesn't means just only giving a brand name showing to the outside world that such a product or service has been

stamped with the mark and imprint of an organization, rather than it requires a long-term corporate involvement, a high increasing level of resources and skills Bell, J.,(2003).

Brand is the most powerful weapon for any company to sustain in the highly competitive marketplace. Powerful brands like Pepsi and Coca cola give the hardest effort to maintain their brand equity into the marketplace. Established in 1886 and 1889, Coca-Cola and Pepsi Co., respectively, were among the first soft drinks invented and their popularity grew rapidly.

In May 1886, Coca-Cola was offered to the public for the first time at Jacob's Pharmacy in Atlanta, Georgia. The price was five cent a glass. At virtually the same time the Government of France made a gift to the USA of the statue of Liberty, a symbol which was become one of the most powerful icons of American culture. Indeed, many of the qualities associated with the statue of Liberty such as freedom, democracy, equality and a new beginning, are all qualities that have come too to be linked with Coca-Cola. How appropriate that Coca-Cola celebrated its 100<sup>th</sup> birthday at the same time as Statue of Liberty.

Coca-Cola is now into in its second century of life. We all know that all products have to pass through four stages of its life cycle: Introductory, Growth, Maturity, decline. But wonder about Coca-Cola which is celebrating near 125 year still being introduced in many countries and growing like anything in the existing market. The daily consumption of Coca-Cola is more than half a billion throughout the world and it is increasing in every seconds.

To maintain brand loyalty consistently internationally, Coca-Cola focused local culture, value and market trends. In USA Coca-Cola means symbol of freedom and liberty but not exactly the same positioning in UK or some other part of the Europe. In UK it means more fun loving and joyful experience.

Pepsi's positioning as "The Choice of a New Generation." During the 1990s, a "second cola war" was reported in the United Kingdom. This time it was due to the launch of Virgin Cola, as well as Sainsbury's store brand Classic Cola, which, unlike most store brand colas, was designed to look like a top product worthy of competition. For a few years both colas were competitive with Coca-Cola and Pepsi; at one point Coca-Cola even sued Sainsbury's claiming the design of the Classic Cola can was too similar to Coke's. (Annual Report, 2010)

It is hard to determine the brand objective needed by brand management. The management must have to identify what are the objectives that hope to achieve with their brand Murphy (1990). Company's brand should be comprised of the company personality, image, core competencies

and characteristics. The impressions that products or services make as well as the words people will use to describe your company to others, are the basic framework of your brand. With a strong brand Company can build credibility, have more influence on market, and motivate customers and clients to purchase the company's product. Through this company can be a leader of the market.

## BRAND EQUITY

Brand equity is the added value endowed to product and services. This value may be expressed through how consumers think, feel and act according to the brand that consumers had perceive from marketing programme. Brand equity is an important intangible asset that has psychological and financial value to the firm. The value of brand equity depends on the number of same people who buy regularly .The brand loyalty, brand awareness, and brand perceived quality are essential to maintain the brand equity. There are two different perspectives of brand equity; financial and customer based. The first perspective evaluates the asset value of a brand name that creates to the business. Brand equity increased the discounted future cash flows and revenue comparing to the same product did not have the brand name. The premise of customer-based brand equity models is that the influence of brand lies in what customers have reacted, seen, read, heard, learned, thought and felt about the brand over time. The power of brand lies in the minds of existing or prospective customers and what they have experienced directly and indirectly about the brand. The customer-based brand equity finally drives the financial return to the company. To create new brand equity in the market and sustaining the brand for a long time depends on the following steps. (Kapferer et al., 2004).

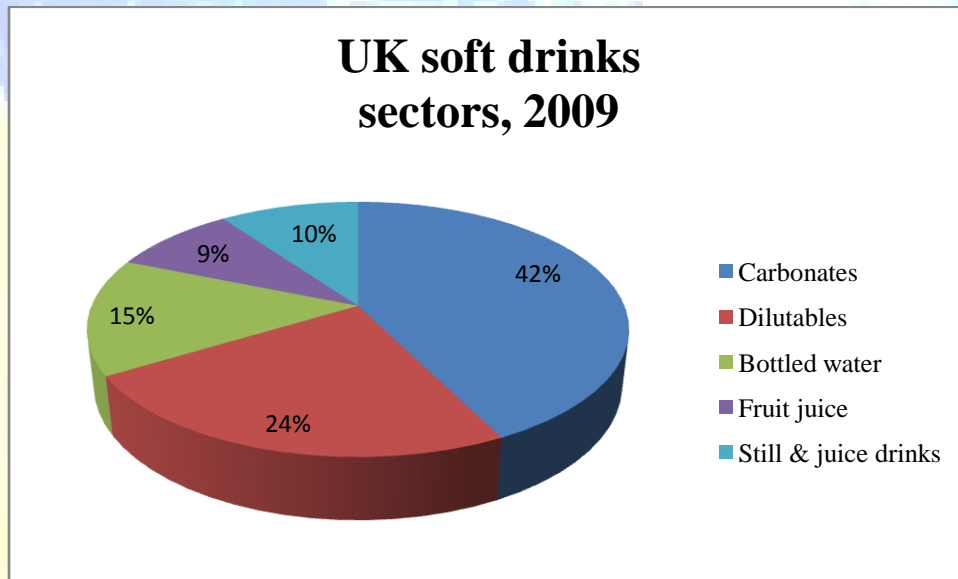
Feldwick (1996) simplifies the variety of approaches, by providing a classification of the different meanings of brand equity as:

- a) the total value of a brand as a separable asset  $\pm$  when it is sold, or included on a  
Balance sheet;
- b) a measure of the strength of consumers' attachment to a brand;
- c) a description of the associations and beliefs the consumer has about the brand.

**UK SOFT DRINKS MARKET:**

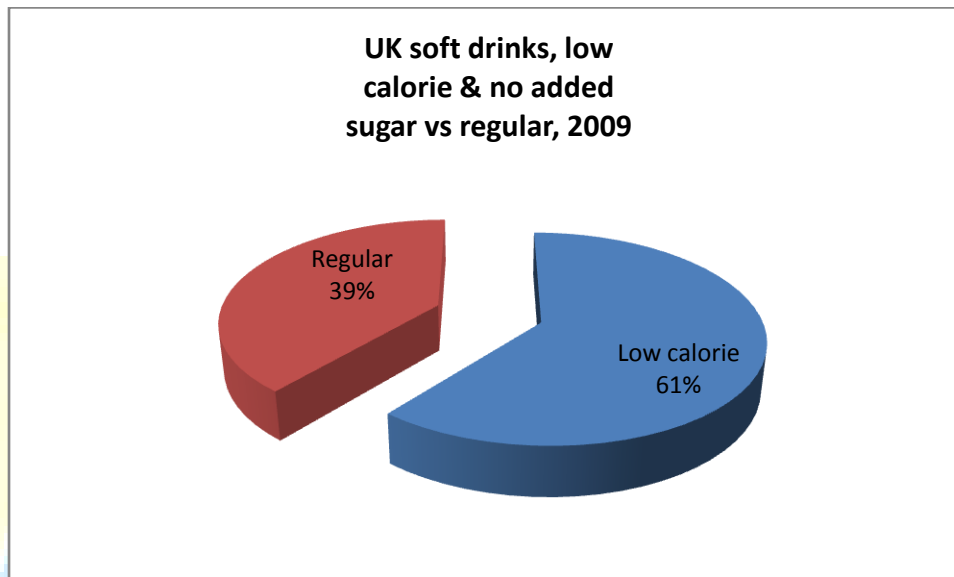
The UK soft drinks market rose overall by 1.7 per cent in 2009. The two previous years had seen slight falls, so this is a welcome return to growth. Total amount of soft drinks consumption was 14,140 million litres, or 229.1 litres per person, with a retail value of £13.224 billion. Bottled water consumption grew by 1.7 per cent to 2,090 million litres, or 33.9 litres per person. Carbonates built on their growth in 2008 with further growth in 2009 of 2.2 per cent, to 6,065 million litres, or 98.3 litres per person. Carbonates built on their growth in 2008 with further growth in 2009 of 2.2 per cent, to 6,065 million litres, or 98.3 litres per person. Consumption of dilutables grew by 3.1 per cent to 3,350 million litres, or 54.3 litres per person. Fruit juices and smoothies, on the other hand, saw a volume decline of 3.1 per cent, while still and juice drinks rose by 0.7 per cent. Sports and energy drinks continued to grow in popularity, with consumption up 5 per cent. (UK Soft Drinks Report, 2010)

**FIG 1: UK SOFT DRINKS MARKET**



UK Soft Drinks Report, 2010

FIG 2: UK SOFT DRINKS (LOW VS REGULAR CALORIES)



UK Soft Drinks Report, 2010

### III. RESEARCH METHODOLOGY

A total of 60 samples were considered as part of this study. People age was the main selection criteria and that considered only age more than 30 who are more likely to be conscious of health issue while purchasing soft drink for them. Both male and female consist of the sample and the study was conducted in Coventry, United Kingdom (a metropolitan city in the county of West Midland, UK) as the researcher used to live for a reasonable time in that area as part of study. The data was collected in the middle of 2011. A combination of structured and unstructured questions was considered as part of data collection. A combination of quantitative and qualitative data was considered as part of data collection and analysis.

### CONSTRUCTING HYPOTHESES:

Hypothesis is very important tool for making explanation of important phenomena. It helps us to make important decision. It can describe any situation in a very easy way. Here the research considered following hypotheses:

#### Hypothesis 1:

H<sub>0</sub>:  $P \leq 0.5$  (Null Hypothesis: Coca-Cola and Pepsi have equal attractiveness to the consumers)



H1:  $P > 0.5$  (Alternative Hypothesis: Coco-Cola has greater attractiveness to the consumers)

**Hypothesis 2:**

H0:  $P \leq 0.5$  (Null Hypothesis: Diet Coke or Diet Pepsi has similar taste of the mother brand)

H1:  $P > 0.5$  (Alternative Hypothesis: Diet Coke or Diet Pepsi does not have similar taste of the mother brand)

**Hypothesis 3:**

H0:  $P \leq 0.5$  (Null Hypothesis: Diet Coke or Diet Pepsi has the potential to capture the market share of regular version)

H1:  $P > 0.5$  (Alternative Hypothesis: Diet Coke or Diet Pepsi does not have the potential to capture the market share of regular version)

**Hypothesis 4:**

H0:  $P \leq 0.5$  (Null Hypothesis: Coca-Cola has equal or less concern about customer than Pepsi)

H1:  $P > 0.5$  (Alternative Hypothesis: Coca-Cola has more concern about customer than Pepsi)

**Hypothesis 5:**

H0:  $P \leq 0.5$  (Null Hypothesis: The consumers of Coca-Cola are equal or less loyal than the consumers of Pepsi)

H1:  $P > 0.5$  (Alternative Hypothesis: The consumers of Coca-Cola are more loyal than consumers of Pepsi)

**Hypothesis 6:**

H0:  $P \leq 0.5$  (Null Hypothesis: Diet Coke and Diet Pepsi are equally available or Diet Coke is less available than Diet Pepsi)

H1:  $P > 0.5$  (Alternative Hypothesis: Diet Coke is more available to customers than Diet Pepsi)

**Hypothesis 7:**

H0:  $P \leq 0.5$  (Null Hypothesis: Diet Coke and Diet Pepsi have equal taste or Diet Coke is less tasty than Diet Pepsi)

H1:  $P > 0.5$  (Alternative Hypothesis: Diet Coke is tastier to customers than Diet Pepsi)

**Hypothesis 8:**

H0:  $P \leq 0.5$  (Null Hypothesis: Diet coke and Diet Pepsi will not help to increase the total market shares of the companies)

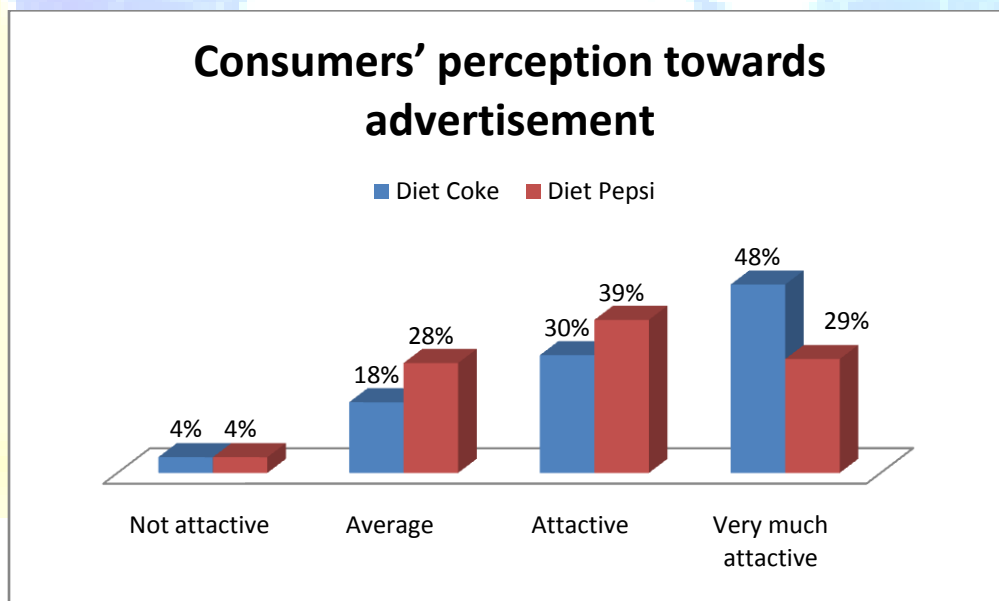
H1:  $P > 0.5$  (Alternative Hypothesis: Diet coke and Diet Pepsi will help to increase the total market shares of the companies)

**RESULTS AND DISCUSSIONS:**

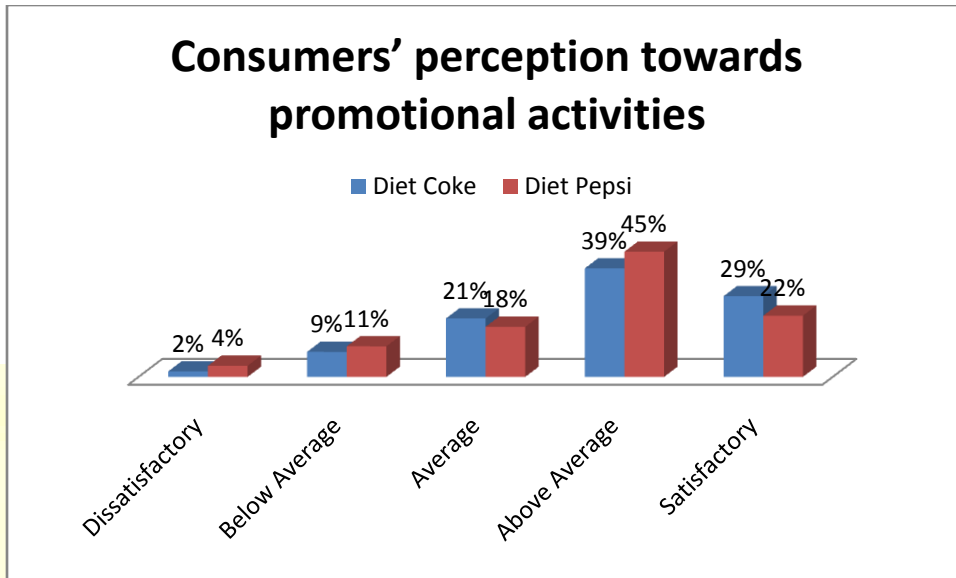
HYPETHES ES	SAMPL E (n)	LEVEL OF SIGNIFICAN CE ( $\alpha$ )	STATISTIC AL TEST	DECISIO N RULE	Z- SCORE	DECISION
H1	60	0.05	Z TEST	Reject Ho if $Z > 1.96/$ otherwise we do not reject Ho	3.10	Ho is rejected
H2					2.32	Ho is rejected
H3					0.46	Ho can not be rejected
H4					2.10	Ho is rejected
H5					2.78	Ho is rejected
H6					3.87	Ho is rejected
H7					2.47	Ho is rejected
H8					3.41	Ho is rejected

**FREQUENCY ANALYSIS:**

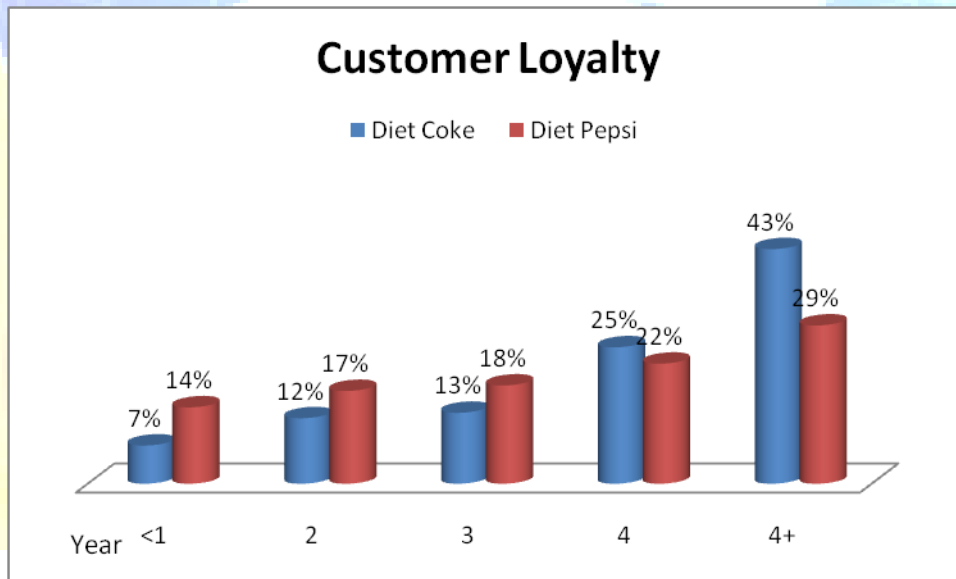
**FIG 3: CONSUMERS' PERCEPTION TOWARDS ADVERTISEMENT:**



**FIG 4: CONSUMERS' PERCEPTION TOWARDS PROMOTIONAL ACTIVITIES:**



**FIG 5: CUSTOMER LOYALTY:**



**OVERALL CUSTOMER PERCEPTION:**

The overall customers' perceptions towards diet coke and diet Pepsi are evaluated through following table:

TABLE 1: CUSTOMER PERCEPTION TOWARDS TWO BRANDS:

Key purchase criteria	Relative importance weight (sum to 100) A	Performance rating ( 1 to 10, 10=best)		Rating Difference	Weighted rating difference
		Diet Coke B	Diet Pepsi C	D=B-C	E=D*A
Taste	35	9	8	1	35
Advertisement	20	8	7	1	20
Promotion	20	7	8	-1	-20
Packaging	15	8	8	0	0
Availability	10	9	8	1	10
Sum of perceived quality score	100	41	39	2	45

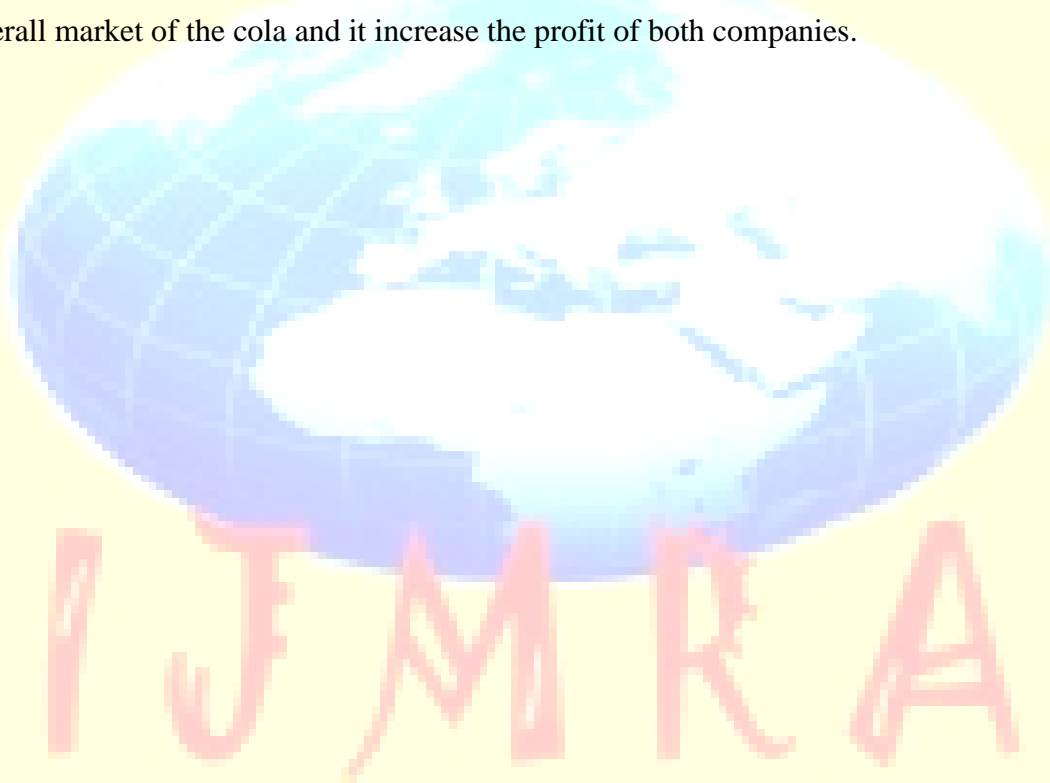
#### IV. FINDINGS AND CONCLUSION

The target of this study was to identify and compare the level of customer perception towards Diet Coke and Pepsi, the influence of the mother brand on these product purchase decision and other factors that contribute to the positive and negative perception among the consumer. With the use of various hypotheses and frequency analysis, the researcher was able to draw following conclusions:

- ❖ By using the hypotheses, it was observed that diet coke is comparatively in better position than the diet Pepsi because the diet coke is much tastier, more available to the customer than the diet Pepsi.
- ❖ Overall perception among the consumers of Diet Coke is much better than the consumers of Diet Pepsi
- ❖ There is strong evidence to claim that perception towards the advertising and promotional activities of diet coke is much better than the diet Pepsi.
- ❖ The consumers of Diet Coke seems to be much loyal than the consumers of Diet Pepsi.
- ❖ At the same time, the diet coke or diet Pepsi has a threat to its mother brand that it can reduce the sale of the mother brand. The researcher's hypothesis has showed the result that diet version can

reduce the sale of the mother brand. There is logic behind this result. As most of the consumers have the perception that diet coke or diet Pepsi is free from detrimental elements and there are significant difference between the taste of diet versions and the mother brands, people may be interested in drinking the diet version.

- ❖ Though there is a possibility that diet coke or diet Pepsi can reduce the sale of the mother brand, however it will help to increase the market share of both the companies. It can attract the new groups of customers who cannot drink the regular coke because of high sugar and other detrimental elements. For that, a diet version covers a new group of consumers and it increase that overall market of the cola and it increase the profit of both companies.



## REFERENCES

Annual Report (2011), *PepsiCo 2011 Annual Report* [WWW], Available from [http://www.pepsico.com/annual11/downloads/pep\\_ar11\\_2011\\_annual\\_report.pdf](http://www.pepsico.com/annual11/downloads/pep_ar11_2011_annual_report.pdf), [Accessed on June 2012]

Annual Report (2011), *Coca-Cola Annual Report*, [WWW], Available from [http://www.coca-colacompany.com/annual-review/2011/pdf/TCCC\\_2011\\_Annual\\_Review.pdf](http://www.coca-colacompany.com/annual-review/2011/pdf/TCCC_2011_Annual_Review.pdf), [Accessed on June 2012]

Bell, J., (2003) *Doing your Research Project* (3<sup>rd</sup> ed), Open university press, McGraw-Hill house  
Bennett, R (1998) “*International Marketing*” (2<sup>nd</sup> ed) Kogan Page Limited, London

Fill (2005), *Advanced Topics in Global Information Management*, Idea Group Inc (IGI).

French, S.A., Lin, B.H. and Guthrie, J.F. 2003. National trends in soft drink consumption among children and adolescents age 6 to 17 years. Prevalence, amounts, and sources, 1977/ 1978 to 1997/1998. *Journal of American Dietetics Association*, 103: 1326-1331.

Jandt, K.D. 2006. Probing the future in functional soft drinks on nanometer scale towards tooth friendly soft drinks. *Trends in Food Science and Technology*, 17 (5): 263-271

Kapferer (2004), “*The New Strategic Brand Management*” (1<sup>st</sup> ed), Kogan Page India, New Delhi

Larsson, S.C., Bergkvist, L. and Wolk, A. 2006. Consumption of sugar and sugar-sweetened foods and the risk of pancreatic cancer in a prospective study. *American Journal of Clinical Nutrition*, 84 (5): 1171-1176.

Ma, D. and Jones, G. 2004. Soft drinks and milk consumption, physical activity, bone mass, and upper limb fractures in children: A population based case control study. *Calcified Tissue International*, 75 (4): 286-291.

Murphy (1990), *Managing cultural differences: global leadership strategies for the 21<sup>st</sup> century* (7<sup>th</sup> ed), Butterworth-Heinemann.

Nielsen, S.J. and Popkin, B.M. 2004. Changes in beverage intake between 1977 to 2001. *American Journal of Preventive Medicine*, 27 (3): 205-210.

Selekler, H.M. and Komsuoglu, S.S. 2005. The headache triggered with ingestion of hot and soft fuzzy drinks: Similarity with ice cream headache. *Agri*, 17 (2): 26-28.

UK soft drinks market in 2012: (2013), British Soft Drinks Association, [WWW] Available from: <http://www.britishsoftdrinks.com/Default.aspx?page=1057>, [Accessed on May 14, 2011]

Vandeloo, M.J., Bruckers, L.M. and Janssens, J.P. 2007. Effects of life style on the onset of puberty as determinant for breast cancer. *European Journal of Cancer Prevention*, 16 (1): 17-25.

Watson, J.M., Lunt, J., Morris, S., Weiss, M.J., Hussey, D. and Kerr, D. 2000. Reversal of Caffeine withdrawal by ingestion of a soft beverage. *Pharmacology Biochemistry and Behavior*, 66 (1): 15-18.

Xavier, R., Rekha, K. and Thiyagar, N. 2004. Farmers and formulations - Rural health perspective. *Medical Journal of Malaysia*, 60(1): 118-123