

CHAPTER – 1

INTRODUCTION

1.1 General Background

"A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favor by business. He is part of it. We are not doing him a favor by serving him. He is doing us a favor by giving us an opportunity to do so."- Mahatma Gandhi. Marketing starts with the consumer needs. So consumer is a very important person to a marketer. Consumer decides what to purchase, for whom to purchase, why to purchase, from where to purchase, and how much to purchase. In order to become a successful marketer, he must know the liking or disliking of the customers. He must also know the time and the quantity of goods and services, a consumer may purchase, so that he may store the goods or provide the services according to the likings of the consumers. Gone are the days when the concept of market was let the buyer's beware or when the market was mainly the seller's market. Now the whole concept of consumer's sovereignty prevails. The manufacturers produce and the sellers sell whatever the consumer likes. In this sense, "consumer is the supreme in the market".

Consumer preference for a product can make or break a company. If consumers generally like a product, it can stay around for years and sell millions of products. However, if consumers do not like the product, it could disappear very quickly if the company cannot figure out how to fix the problem. According to James C. Cox in The Economic Journal, consumer economics traditionally operates on the hypothesis that consumers seek the most utility, or satisfaction, that they can buy. Consumer preferences involve the ranking of goods and services according to how much benefit they afford. The study of consumer preferences employs assumptions about consumers' behavior and how they decide preferences. Consumer preferences describe the reasons for the choices people make

when selecting products and services. Analyzing the factors that determine consumer preferences helps businesses target their products towards specific consumer groups, develop new products and identify why some products are more successful than others. Advertising plays an important role in consumer preference, especially for non-durable goods such as food or magazines. Advertising informs consumers of available goods and services and also shapes their impressions of these products. Advertising can also create demand; a consumer may not have wanted a new cell phone until he saw flashy new phones on TV. Social institutions, including parents, friends, schools, religion and television show also influence consumers' preferences. Consumers usually choose to purchase more of a good if the price falls. A sale or reduced prices may increase consumption of a good. On the other hand, an increase in price may cause reduced consumption, especially if the good has available substitutes. Consumers often desire more expensive goods and services when their income increases. If they suffer a decrease in income, they are more likely to choose less expensive goods and services. Business selling luxury goods, such as jewelry, will probably be more successful in a high-income area than a low-income area. If a product has several substitutes -- alternative products that consumers may choose instead a particular brand of product -- consumers will be more sensitive to changes in price. However, if consumers do not perceive similar products to be effective substitutes -- consumers who do not think Coke and Pepsi are equally delicious -- they will be less likely to switch to a substitute based on price. This concept is called the price elasticity of demand.

Successful marketers are those who deliver what customers are willing to purchase as well as ability to purchase. For this reason marketers today conduct many research and development to study consumer preference and so as to recognize why and how individual make their consumer decisions. Once it is understood marketer become able to predict and shape their marketing strategies accordingly. Definitely marketers who understand markets and consumer preference and behavior towards product have great competitive advantage in the market place. So it is obvious that a producing organization or manufacturer must determine the attitudes, needs & wants of their customer first and then bring products in the markets accordingly.

Although few of the results from these studies can be generalized, brand names have been found to be more important than price, which is in turn more important than physical appearance. Retail reputation or store name has been found to be least consequential in signaling product quality. Nevertheless, packages are one of the main elements of the product appearance and as such are an important source of information since consumers rely heavily on labels for product information and also packaging is a significant marketing expenditure larger than advertising itself. Several studies have investigated issues such as packages as a means of attracting the attention of consumers (Underwood *et al.*, 2001; Garber *et al.*, 2000; Goldberg *et al.*, 1999). Other studies researched packages as a means of communication as well as a means of communicating brand and product meaning (Underwood & Klein, 2002; Garber *et al.*, 2000). The literature shows that the visual appearance of a product can influence consumer product evaluations and choice in many ways (Creusen & Schoormans, 2005). Some authors considered the role of product or package appearance in consumer product evaluation or choice (Bloch, 1995; Garber, 1995; Garber *et al.*, 2000; Veryzer, 1993; Veryzer, 1995). It is found that the shape of products attracts attention (Kojina *et al.* (1986), studied the relationship between design and pattern preferences, and design and color preferences. They found that design and pattern preferences were related to each other whereas design and color preferences were not. It is well accepted that packages have an essential role in influencing the consumer purchase choices and intention at the point of purchase. These past research findings are related to the current study, their findings contribute to the understanding of the impact of packages on consumer preference and more closely their purchase intention at the point of purchase.

Yet, as a result of globalization, the use of advertisement across cultural borders has grown immensely, and while one expert claims that the average person is daily exposed to 1,600 advertisements, another expert estimates the total number to be as much as 5,000 a day (Armstrong *et al.*, 2005). Seeing as advertising clutter has increased tremendously and is more intense than ever, it is vital that companies differentiate themselves from competitors by creating even more powerful, entertaining, and innovative advertisement messages. However, this has proven to be very costly, especially within highly

competitive product markets, such as the soft-drink industry, which requires higher advertising budgets just to stay even with competitors. Examples of such companies that spend billions of dollars on advertising in order to stay key players in their industry are the Coca-Cola Company and PepsiCo. Not only are Coca Cola and Pepsi dominant market leaders on the worldwide beverage market, but they are also two of the most notable and widely sold commercial brands in the world, and annually spend billions of dollars on advertising campaigns. In 2004, Coca-Cola's worldwide advertising budget exceeded \$1.5 billion, while Pepsi's advertising expenditure totaled \$1.3 billion (www.mind-advertising.com). Coca Company's advertising has always been celebrated globally, and introduced its first advertising theme in the early 1900's and has since seen plenty of popular themes that have become recognized worldwide. Today, Coca-Cola depends heavily on "images of happiness and togetherness, tradition and nationalism", whereas Pepsi relies more on the appeal of celebrities, popular music, and young people in their television commercials.

Another finding is that appearances have an impact on attitudes concerning brands and packages as well as purchase intentions. The studies on consumer preference communication have focused on the impact of the package appearance on various phases in the choice process.

1.2 Introduction

Marketing globalization is a synergistic term combining the promotion and selling of goods and services with an increasingly interdependent and integrated global economy. It makes companies stateless, without walls, with the internet an integral marketing and cultural tool. Understanding consumer needs within target countries helps formerly ethnocentric companies build a global marketing mix where product, price, place and promotion are geared toward specific country needs. Many multinational companies in the world which start their business from the home place and with very low capital. They start growing to the domestic place and promise some expansions in foreign

markets which seem attractive to them. These multinationals choose different roots to enter onto the other markets according to the nature and suitability of the coming market. Some multinationals fail and some become successful in chasing their long term success. The companies face many challenges like culture, environment, and their adaptation plans with the culture and environment. If they get successful, it means they choose the right marketing plan and they made right combination of its suitable factors to be chosen and considered. The multinational companies which ensured its long term success and have the experience around the globe are Pepsi and Coca cola.

The study of these two companies will lead to the keen interest of the readers because these are biggest beverage companies of the world. We know that Coca cola is at number one and Pepsi number two in terms of their size. These two multinational companies are the US based and have the wider experience in the different cultural context of the world markets. It will also be interesting to study them because both Pepsi and Coca Cola are the direct competitors in most of the markets in the world and they are also having the same status in Nepal. They have the wide experience of developing different competitive products which are needed by the consumers. They also have the diverse experiential philosophy to communicate their products to consumers in contrast to each other. It makes it crispier when we see their success across the globe. Pepsi is successful in some of its brands in one culture while Coke is successful with some other brands in the same culture or others. It will also be interesting for Nepali market due to the fact that both have their operations in Nepal and competitive positions at different levels.

My quest for this thesis work is to investigate the elements of both of the companies which are apparent to the public. This appearance would also correspond to the local culture of Nepal. There are many product, service, domestic and multinational companies operating in that cultural environment. The different companies have their different ways to be apparent to their customers or public. Some advertise on television and some others use billboards and some of them use print media. It is the basic natural need of the beverage companies to be prominent and target their consumers quickly. In that race they choose their media's according to their need, resources and perceived outcomes. It may happen in the Nepali market that Pepsi use different strategy for communication than

Coke which will be seen in the later parts. Let's have a look on some brief introduction of both of the companies.

Pepsi cola was initiated by Caleb Bradham in 1898 in North Carolina when he was working as a bar tender in his place (www.pepsicola.com). After some time he registered his company with the name Pepsi Cola and people were associated it as Coca-Cola at the beginning. After some time, people start recognizing Pepsi as a separate Cola company. Along with the passage of time, Pepsi cola start entering in other countries of the world and start coming parallel to Coca-Cola. It expands from the Western Americas to Eastern Asia, and northern Russia and Europe towards Southern Africa. In Nepal Bottlers Nepal limited (BNL) is the only bottler of Coca cola production in Nepal and has two bottling plants, namely Katmandu (BNL) and Bharatpur (Bottlers Nepal Terai limited) which is 160 km from Katmandu, its capital. Today, Pepsi comes in the success ranking of the world leading multinational companies at number 10 in the review of 2007 among top 50 companies in fortune ranking ('2007 all stars' 2007, p.39). In the history of Pepsi cola expansion, it passed through many countries with its demonstrated success and then it reach to the market of Nepal. Pepsi cola has the competitive challenge of the world giant Coca cola in this market along with other local and foreign companies.

Coca cola was found by Joseph A Biedenharn in 1886. Coca cola has the longer history than Pepsi co., so it experienced the longer life of its business. Coca cola is also bigger than Pepsi co., and has more resources which are one of the strengths of Coke and Pepsi. It also demonstrates its success in the disseminated market of the world along with its huge resources. When we talk about Pepsi co., we must be sensitive with the consideration of Coca cola and vice versa. Both companies give tough time to each other in approximate every market in the world. This tough competition can be in the parallel line in Nepali market but the fact is inverse. It is the part of the business to gain success and face failure. It gives the opportunities to the companies to improve their weak areas. It depends on the companies that they take it positively or negatively. Either Pepsi co. has the weak position in this market but it could give the tough time to Coke.

The behavior of these companies will also be interesting to investigate in terms of culture. It is true that they work in many countries with many cultures and get successful.

We will see how they perceive the Nepali culture and respond to the culture. The consideration of culture is such an important that they must have to consider the relevant factors. The company which better understand the local culture and respond accordingly will be the ultimate player of that market. Both companies have the challenge of culture and they also have to differentiate themselves from each other in their presentation.

Many multinational companies work in many markets in the world. They compete their business each other in all of the markets. They also have to take the challenge of domestic companies along with other multinationals in competition. They choose different ways according to the requirement of the culture and in reaction to competitors chosen strategy. They also try to differentiate themselves and present themselves in an innovative way. Nepal has some strong customs and traditions which is important for the product oriented companies to understand. The company which better understand and act accordingly with the local culture can be the winner.

By concluding above discussion, Pepsi and Coke are the biggest US based beverage companies which provide competitive mirror in almost every market in terms of comparison. Comparison can be suitable and helpful in highlighting the strong and weak areas of both companies. The comparison is directed to cover the marketing aspects of both companies under the same culture. The consumer preference towards of both companies will provide the apparent activities of these multinationals. Their behavior to the Nepali market will also show up their appearance in this market. The understanding of the local culture and their responses in terms of their marketing to the local culture can provide a good ground for the appearance.

1.3 Statement of Problem

Consumer is the central point and all the marketing activities revolve around him. Manufacture produces what the consumer wants the consumer preferencediffer from person to person. The study of consumer preference is the study of how individuals make

a decision to their available resources (money, time, effort) on consumption related items. It includes the study of what they buy why they buy it. How they buy it, and how often they buy it. The study of the customer preference is the main key for project setting as consumer, what they buy, how they buy. As students of human perception, it is important for us to understand the internal and external influence that impels individuals to act in certain consumption related ways. Consumer preference and perception are simply a subject part of the large field of human as marketers and future markets. It is important for us recognize why and how individuals make their consumption decision, so what we can make better strategic marketing. Decision without doubt, markets. Who understand consumer perception have a great competitive advantage in the market place.

Not only can it be difficult to understand consumer behavior and target groups' needs on the domestic market, but for multi-national companies, this is an even greater struggle. Despite the fact that most of the world's consumers have certain things in common, their values and attitudes, as well as behavior often differ. As a result, it is vital that international marketers understand these differences and adapt their marketing strategies accordingly. As a consumer market there is great demand for an enormous variety of goods and services, especially as consumers differ from one another in that of age, gender, income, education level, and tastes. Moreover, the relationships between different consumers, as well as their contact with other elements of the world surroundings, affect their choice of products, services, and companies (Kotler *et al.* 2005). The reason why consumers buy what they do is often deeply rooted in their minds, consequently consumers do not truly know what affects their purchases as *"ninety-five percent of the thought, emotion, and learning [that drive our purchases] occur in the unconscious mind- that is without our awareness"* (Armstrong *et al.* 2005, p.143). Consumers' purchase process is affected by a number of different factors, some of which marketers cannot control, such as cultural, social, personal, and psychological factors. However, these factors must be taken into consideration in order to reach target consumers effectively (Kotler *et al.* 2005). Culture is the set of basic values, perceptions, wants and behaviors learned by a member of society from family and other important institution and are the primary reason behind a person's wants and preference. Although different

societal groups have their own culture that affects consumers' buying behavior, the extent to which it influences the behavior might vary from country to country. Each cultural group can be divided into groups consisting of people with common life experiences and situations, also known as subcultures (Kotler *et al.* 2005), such as nationality, racial groups, religion, and geographical areas. The third cultural factor is social class, which is constituted upon among other variables: occupation, income, education, and wealth (Blackwell *et al.* 2001). The second classification of factors affecting consumer preference is social grouping, which is composed of small groups, social roles and status, and family that affect all individuals to some extent. Some of these groups have a direct influence on a person, i.e. membership groups, groups that a person can belong to (Kotler *et al.* 2005), and reference groups which *"serve as direct (face-to-face) or indirect points of comparison or reference in forming a Person's attitudes or beliefs"* (Armstrong *et al.* 2005). However, some are affected by groups in which they do not belong to; these reference groups include inspirational groups, groups that a person desires to belong to and a fan's admiration for an idol, etc. Finally, a wife, husband or a child have strong influences on a consumer and thus the family is the most vital consumer buying organization in society (Kotler *et al.* 2005). Consumers' personal characteristics, like for instance age and life-cycle stage, occupation, Economic situation, lifestyle, as well as personality and self-concept influence consumers' buying behavior. Moreover, depending on a person's occupation and financial situation, as well as the stage in life a person is in, his/her demands for products shift. A person's lifestyle forms his/her world and the way he/she decides to act, thus a person's activities, interests, and opinions constitute their lifestyle, as well as affecting the choice of products (Armstrong *et al.* 2005). Moreover, all people are individual; hence have a unique personality of different characteristics, which is often portrayed with traits, such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability, and aggressiveness (Blackwell *et al.* 2001). Four objects constitute this group of factors, namely motivation, perception, learning, and beliefs & attitudes. When a person is motivated, he/she acts accordingly and the actions taken are affected by the person's perception of the situation. Perception is the individual selection; organization and interpretation of the information which flows through people's senses,

and consequently a meaningful picture of the world are formed. When people experience new things, changes take place in their preference, i.e. they learn new things when they take action. As a result, beliefs and attitudes are acquired and hence affect the buying behavior (Armstrong *et al.*2005).Hence this study attempts to identify consumer's perception and preference with regard to coke and Pepsi consumption.

The degree to which international advertisement should be adjusted in accordance to distinctive consumer characteristics in different countries is of great concern for many companies (Armstrong *et al.*2005). Consequently, the debate about whether to standardize or adapt an advertising campaign has come to dominate the area within the international marketing literature for decades (Harris *et al.* 2003). Although some notable international advertising campaigns have been successful, most multi-national companies have difficulties in targeting and stimulating consumers from various countries through a standardized marketing program. Moreover, as today's economies are becoming more entwined than ever, any possible method that can be used in supporting the building of global brands is appealing. One of the primary objectives that international marketers have is to create an image that is familiar worldwide, but at the same time associated with explicit meanings (Fahy *et al.*2004).

The experimental design enabled the researchers to discover the specific brain regions activated when the subjects used only taste information versus when they also had brand identification. While the researchers found no influence of brand knowledge for Pepsi, they found a dramatic effect of the Coke label on behavioral preference. Both of these areas are implicated in modifying preference based on emotion and affect. In particular, wrote the researchers, their findings suggest "that the hippocampus may participate in recalling cultural information that biases preference judgments."Theresearchers concluded that their findings indicate that two separate brain systems--one involving taste and one recalling cultural influence--in the prefrontal cortex interact to determine preferences.

All advertising is not designed to lead directly to sales. It may be, for example, aiming for long-term brand image building. Whether it is designed for short-term or long-term purposes, advertising's effectiveness lies in its capability to stimulate or maintain sales.

Thus, advertising is frequently used as an independent variable in explaining changes in sales (Lillien 1994). According to (Abraham and Lodish, 1990, p. 50), however, a real and important issue in advertising effectiveness is *“the incremental sales of a product over and above those that would have happened without the advertising or promotion”*. If short-term advertising can result in a sustained high level of sales, as they put it, the company is *“getting the most out of advertising”*. While advertising managers have long considered the idea that advertising’s impact on sales can persist longer than the current period *“intuitively attractive”* (Clarke 1976, p. 346), many of them still assume that advertising’s effect on sales is short-term. They also hold that, in all cases, more and longer uses of advertising are better than less and shorter uses of it no matter if advertising is directly boosting sales (Jones 1992, 1995). Abraham and Lodish (1990) suggest that, as a result, much advertising is wasted, largely due to the lack of measures that can show the manager the impact of short-term advertising on long-term sales. Bass (1969, p. 291), among many others, lamented: *“There is no more difficult, complex, or controversial problem in marketing than measuring the influence of advertising on sales”* because of our inability to isolate advertising effects from other effects and to quantify such effects. In this paper, we report on a study addressing this problem by utilizing a relatively new concept, marketing persistence.

The Coca-Cola Company’s major strength aside from its product features and benefits is the large-scale operation it possesses that is widely distributed across 200 countries worldwide. Because Coca-Cola aims to be the number one when it comes through product choice around the world, the company is very keen in developing its system of distribution to keep satisfying customers. Coca Cola’s distribution channels include vending machines, retail outlets, fountain retailers and wholesalers, and other channels that supplies home and immediate consumptions. In fact, 32% of the US gallon sales in 2003 are accounted to fountain retailers such as restaurants and to approximately 640 fountain wholesalers (“Coke”, 2008). To be able to efficiently distribute their products, Coca Cola employs a strategy pretty much like franchisors do but with a slight variation. Coca-Cola obligates its bottlers to sign a separate contract, the “Bottler’s Agreements”, that subjects the bottlers to specific terms and conditions which include the allowance to

purchase entire requirements of the designated concentrates and syrups from the Coca-Cola Company and its authorized suppliers. This cases the distribution procedure of Coca Cola by providing the bottlers the ability to manufacture Coca products on their own by allowing faster production and distribution to the local sites all around the 200 countries. Simply put, anyone can avail of Coca Cola products on their local at whom because the production and distribution processes are decentralized as opposed to centralized process where the main plant distributes every Coca Cola products all around the globe (“The Coca Cola”, 2008).Coca Cola Bottlers developed a number of innovative ways to sell and distribute its products. It has evolved from the usual retail store to putting up Coca Cola kiosks in universities, marketplace, and other public places to developing sturdy transport bicycles, mobile mini kiosks, and mobile coolers for street vending. Coca Cola has placed selling depots and integrated kiosks in convenient stores and groceries and generally in areas where market can easily avail of them without the hassle of queuing up in order to saturate the market with the product. This signifies that the distribution and the logistics of the company are so designed to meet the large market it serves. Coca Cola has been very keen in its efforts to develop new ways of attracting customers and at the same time providing them what they need in the most convenient manner. The company aims to reach out to virtually everyone in the globe including entrepreneurs and is committed to assist them to move up in the supply chain and expand profitability, which in turn provide Coca Cola the space it needs to put up a fridge or a kiosk for free – a very good thing for Coca Cola (“The Coca Cola”, 2008).All in all, Coca Cola has a competitive advantage when it comes to its distribution and logistics procedure because the company has been able to mobilize every resource it has to efficiently distribute its products. Coca Cola clearly understands its competitive advantage in being so big whose operations is of worldwide scale and has used it to gain favorable edge in the competition.

The statement of problem to the study of the consumer preference not only focuses on how and why consumers make buying decision, but also focuses on how and why consumers make choice of the goods they buy and their evaluation of these goods after use. So for success of any company or product promotion it is very necessary to depart its

concentration towards consumer preference. Therefore, the problems encompassed by this study are as follows:

1. What is the consumers' perception and consumption preference towards of Coke &Pepsi?
2. What status Coke & Pepsi carry in consumer's mind?
3. What type of distribution network exists in the study area for marketing of Coke &Pepsi?
4. What type of impacts have advertisements made in the sales of cold drinks in the study area?
5. What are the effects of sales promotion schemes on sales of Coke & Pepsi in the study area?

1.3 Objective of the study

The scope of my study restricts itself to the analysis of consumer preferences, perception and consumption of Pepsi and Coca Cola. There are many other brands of soft drinks available but my study is limited to two major players of Cola leaving behind the others. The scope of my study is also restricts itself to Kathmandu Valley only. Naturally demands of these drinks are far higher in the summer season as compared other seasons. This study will examine the present marketing strategies of Pepsi and Coca Cola in Kathmandu Valley and try to find out the marketing variables affecting the Pepsi and Coca Cola. The research also focused on the role played by images& usage trend of Pepsi and Coca Cola in Kathmandu Valley. The overall purpose of this paper is to gain a deeper understanding of different international and local factors affecting consumer preferences on a local market. Specifically, we want to explore the effect international well-recognized advertising campaigns have on consumers' buying process. We also want to study whether or not there is a relationship between the above mentioned factors' influence on the choice of homogenous products.

The study is conducted between two global giants Pepsi and Coca Cola .This research papers is basically a comparative study of two well-known competitors beverages companies of Nepal which are Pepsi & Coca Cola. The primary purpose of this paper is to find out which company is leading the market. This research required us to conduct the consumer research on why they choose the drink.

The present study purpose is to examine the marketing of Pepsi and Coca Cola in Kathmandu Valley. The specific purposes of study are as follows:-

1. To study on the consumers' perception and preference in the purchase of Pepsi & Coca Cola in Kathmandu Valley.
2. To find out the factors & reasons that influence to choose their preferred drink.
3. To find out the level of awareness in terms of brand, their status and attitude towards different brands.
4. To evaluate the impact of advertisement and sales promotion schemes of Coke & Pepsi.
5. To create a top of mind awareness about Pepsi and Coca Cola in Kathmandu valley by providing the information to consumers.
6. To identify consumers profile and their preference towards Coke & Pepsi in the study area.

1.4 Limitation of study

The study, no doubt, has certain limitations of the following kinds:

1. The findings are affected to some extent by the small size of the sample.
2. Time & money are also constraints for the study.
3. They responses may vary as some people did not want to come up with real answers.
4. The study has been predominantly based on primary information data collected through a questionnaire survey of limited number of individuals, hotels and retailers.
5. This study has been confined only to Kathmandu Valley, so it may not represent to all Nepalese Coke & Pepsi markets.

1.5 Organization of the study

The study has been organized in to five chapters as follows & each chapter dealing with the specific aspects of the study:

Chapter 1: Introduction:- This first chapter deals with the introductions that includes background, Introduction and objectives of study, statement of problems, importance of study, limitation of study, research design, population and sample, research methodology and organization of study.

Chapter 2: Review of Literature: - This chapter'sdeal with the theoretical analysis & review of the available literature includes lightly concept of marketing, marketing system, marketing environment, marketing mix, consumer preferences, target group, marketing strategy, attitude, images and usage pattern. It takes in review of related books, journals, articles & previous unpublished master degree's dissertation and studies on the conceptual framework.

Chapter 3: Research Methodology: - This chapter deal with the research methodology employed in this study. It includes research design, population & sample, data collection procedure and sources of data, data analysis techniques etc.

Chapter 4: Data presentation & Analysis: - The forth chapter is the important chapter of the study. It analyses the data & interpretations of the findings as well as presentation of major findings of the study by using different statistical tools.

Chapter 5: Summary, Conclusions & Recommendations: - The final chapter covers the summary of the study, the main conclusions immersed from the study & offers recommendations as well as suggestions for further improvement.

Besides these chapters, Bibliography & Appendix are also included at the end of the study. Similarly, Acknowledgements, table of contents, lists of tables, lists of figures, abbreviations are also included in the front part of this thesis report.

CHAPTER – 2

REVIEW OF LITERATURE

2.1 Introduction

A literature review is an examination of the research that has been conducted in a particular field of study. It plays a critical role in the research cycle of discovering, creating, sharing and publishing knowledge. A review of the literature in your field of research will establish a theoretical framework for your research question. Identify the knowledge gap to be addresses by your research question. Position your research within the existing research. Locate the work of other key researchers in your field, define and refine your research question. Justify and rationalize your research question and conceptual framework. Evaluate and discuss the literature and convince the reader of its relevance to your own work. A critical review of literature helps the researcher to develop through understanding and insight into research works that relates to the study the researcher has pursued it is also way to avoid investigating problems that have already been definitely answered. So for no research work has been conducted on this specific topic.

2.2 Conceptual framework

2.2.1 Marketing

Marketing consists of all business activities involved in the flow of goods and services from the point of initial production unit they are in the hands of the ultimate consumer. Marketing is the process of planning and executing the conception, pricing, promotion and distribution of goods, service and ideas to create exchanges with target groups that satisfy customer and organizational objectives.

A marketing programmer plays a crucial role in the physical distribution of any product. Therefore each and every firm should have marketing system for channel the product to the market, to satisfy customer needs and wants. Sometimes they have to face the marketing problems of capturing the market and creating goodwill.

A more modern definition in tune with greatly expanded productive capacity might emphasize the adaptation of production facilities to the market. Specifically marketing might be defined as the response of businessmen to consumer demand through adjustment" in production capacities. "Marketing is concerned with designing an efficient and fair system which will direct an economy's flow of goods and service from producers to consumers and accomplish the objective of the society(Philip Kotler)., "Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others (E. Jerome McCarthy).,"Marketing can be defined in a simple manner as the activities done to deliver the product from the place of production to the consumption. It means that marketing is the process of the transfer of ownership of the product in exchange of something of value (Wrope Alderson, 1957)., Different authority defines marketing in different ways. Marketing is the exchange taking place between consuming groups on the one hand and supplying groups on the other. "Marketing is concern with regular label, timing and character of demand for one more products of an organization... (Kotler),"Marketing is human activity directed at satisfying needs and wants through exchange processes (Joel R.Evans & Barry Berman, 1982).,"Marketing is the anticipation, stimulation, facilitation, regulation and satisfaction of consumer and public demand for products, services, organization, people, place and ideas through the exchange process (K.D.Koirala B.S. 2057). In light of above definitions, it can be concluded that marketing is a process of delivering goods and services produced to satisfy the needs of consumers to the consumers in an effective way so that the objectives of the producers by making it possible to sell their produce are fulfilled. Marketing thus satisfies the objectives of the producers by making it possible to sell their products on the market in one hand and on the other hand helps consumer to get to the maximum of satisfaction by providing goods and services for their consumption. In the modern

marketing era every marketers should understand the consumer's needs. Successful marketing understand consumer taste, quality and choice. If there is no satisfaction of consumer that product doesn't give good result. For consumer satisfaction, the product that is available easily and everywhere than customer attract in that product easily.

2.2.2 Marketing System

A system is a set of units with relationships among them. Marketing is a total system of business activities designed to plan, price, promote and distribute, want- satisfying product to target market to achieve organization objectives. "The concept of marketing system is given by the system approach to marketing based upon the work of Bertalanffy." The term marketing system consists of two separate words "marketing" and "system". Marketing is a human activity directed at satisfying needs and wants through exchange processes. On the other, the term "system "means regularly interacting group of activities forming a unified whole. In other words, system means systematic or regular flow of anything directed at fulfilling basic goals. "Marketing system deals with the smooth functioning of the marketing activities for the fulfillment of the consumer needs and wants. If a marketer fails to do so, then one must know that there is something wrong with the marketing organization. And, in the situation no marketer can work successfully. So the marketing manager must be able to analyze the marketing system in a systematic manner (Wrope Alderson, 1957).

2.2.3 Marketing Environment

"Marketing is an outside organization but potentially relevant to the firm's market and marketing activities. It consists of the factors that affect the firm's ability to develop and maintain both the successful transactions and the relationships with its target customers (Shrestha, Shyam K.)."The marketing environment consists of external forces that directly or indirectly influence an organization's acquisition of inputs and generation of

outputs. Examples of inputs include skilled personnel, financial resources, raw materials and information. The output should be information, package, goods, services or ideas."

"The marketing environment as consisting of six categories of forces: political, legal, regulatory, societal, economic and competitive, and technological (Terri, George R., 1977). In this sense, marketing environment lays upon limits or constraints on the firm's marketing activities, such as, marketing information system, marketing planning system, implementation system, control system, production activities, pricing, promotion, placing etc. The effect of marketing environment cannot be measured in term of expectations, assumptions and predictions but in terms of goal achievements. That's why; investing a huge amount of time, money, energy, etc. has become a new life style of almost all marketing enterprises.

The company's decision is directly affected by the marketing mix and the marketing mix decision is affected by the marketing environment. Therefore, while deciding marketing mix, a comprehensive study and analysis on marketing environment must be made the decision more effective and suitable marketing environment includes forces such as economic, socio cultural, demographic, technological, political & legal natural etc. (P.R. Baradarajan, 1995). Marketing system deals with the smooth functioning of the marketing activities for the fulfillment of the consumer needs and wants. If a marketer fails to do so, then one must know that there is something wrong with the marketing organization. And, in the situation no marketer can work successfully. So the marketing manager must be able to analyze the marketing system in a systematic manner. The important of marketing environment to the management has been increasing these days than even before, because there are several opportunities and threats or challenges within the marketing environment, which should be, forecasted and rightly analyzed by the marketing manager to enjoy the opportunities. A successful marketer is one who can appropriately analyze these forces. A successful marketer can acquire several opportunities through these forced amid successfully run business.

2.2.4 The marketing Mix

The marketing mix is one of the most fundamental concepts associated with the marketing process. It is well understood by most modern marketers and is systematically applied on many industries especially those that deal with physical products. Yet it is easy to assume that, because most managers have heard about it and or/ use it, there is no need to mention it again a book on marketing.

The sad truth is that quite often the precise role and scope of the concept and its underlying principles are not fully appreciated by those who tackle about it or use it. Many managers as no more than a theoretical model that helps in understanding the breath of activities encompassed by the marketing task regard it. In many situation it is considered as no more than an aid to highlighting the fact that marketing is a much broader concept that just 'selling' and 'prompting'. A brief review of the main principles surrounding the marketing mix can help to clarify its true role in the developing amid execution of an effective marketing effort. "The marketing mix .is the set of marketing variables which the organization blends to achieve the marketing goal in a defined target market. The marketing mix consists of everything the organization can do influence the demand for its product in the target market (McCarthy, 1996).

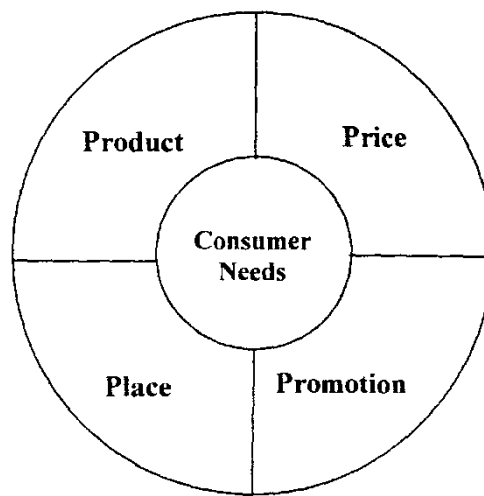
As stated earlier the marketing mix represents as assemblage of tasks and subtasks, which ultimately will help to satisfy the customer's requirements in such a way as to enable the firm to attain its objectives in an optimum fashion. The subtle part of the concept is that different company in the same business may opt to develop different 'mix'. In fact it is this difference that may provide one company with a competitive advantage over its competitors.

The concept of the marketing mix essentially premises that the decision making executive must analyze certain market forces and certain elements of marketing if the executive is ultimately to determine a sound "mix" of marketing elements which promises to be effective and profitable. The "four Ps model "of the marketing mix has probably gained acceptance because of its elegance rather than its validity in all situations. Regrettably, what has been gained in simplicity has been sacrificed in universal appropriateness. It is

easy to find examples of marketing programmers, which do not outset that model is not of universal validity.

The theory underlying the four Ps is that; if one manages to achieve the right product at the right price with the appropriate promotion and in the right place, the marketing program will be effective and successful. However, one must bear in mind that each of the four Ps can be broken down into a number of sub-components. "Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market (Niel H Borden and MartinV. Marshall, 1959). "Marketing mix is one of the key concepts in modern marketing. It refers the set of variables that the business uses to satisfy consumer needs (Agrawal. Govinda Ram, 1982). Marketing mix may be considered as consisting of four Ps- product, price, promotion and place.

Figure-2.1



Variable of Marketing Mix

2.2.4.1 Product

Product is commonly accepted as one of the most important parts of the marketing mix. Without product we cannot sell or buy the things. The product area is concerned with

developing the right product for the target market. This product may involve a physical product and\ or some combination of services. The crux of the matter in the product area is to develop something, which will satisfy the customers' needs. Most of the text will be concerned with tangible products, but the principles in most cases also apply to services. It is important to keep this in mind, since the service side of our economy is growing. It is also important to overly occupy with producing and selling tangible products. Too many production- oriented people fall into these trap and neglect important opportunities for satisfying needs in other ways. "A product is anything that can be offered to a market to satisfy a want or need. Product that is marketed includes physical goods, services, persons, place, organizations and ideas" (Kotler). "The product offered by an organization is what the business (or no business) entity is all about. While we tend to think of product as objects, we can see and touch the term product may be used in referring to intangible services and ideas as well. So product is a market's offering as perceived by the market" (Buell). Product mix includes decisions on product line and mix, product quality, variety, design features, branding, packaging, and labeling etc. it also includes important activities such as product planning and development" (Koirala).

2.2.4.2 Place

A product is not much good to a customer if it is not available when and where he\ she wants it. We must consider where, when and by whom the goods and services are to be offered for sale.

Goods and services do not flow producers to consumers automatically. They move through channels of distribution where a great deal of marketing work is done. Channel members mayor may not handle the goods some may own them and transfer title, while others do neither. Some may provide return and repair services, while also storing and transporting them and others may be primarily concerned with transmitting money and information. In other words, a number of things flow through a channel, besides goods, in both ways. Any sequence of marketing institutions from producer to final user or consumer, including any number of middlemen is called channels and so our study of

place will be very important to marketing strategy planning. Even though marketing intermediaries are primarily a non-controllable environmental factor, a marketing executive has considerable latitude when working with them.

2.2.4.3 Promotion

Promotion, one of the four major variables with which the marketing manager works, is communicating information between seller and buyer with a view to changing attitudes and preference. The marketing manager's job is to tell target customers that the right product is available at the right place at the right price. "Promotion is the ingredient used to inform and persuade the market regarding a company's product. Advertising personal selling and sales promotion are the major promotional activities" (W.J. Stanton & Futrell). The major promotional methods include personal selling, mass selling and sales promotion, personal selling involves direct face to face relationships between sellers and potential customers. Mass selling is designed to communicate with numbers of customers at the same time. Advertising is the main form of mass selling, but it also involves publicity. Sales promotion refers to specific activities that complement personal and mass selling such as point of purchase displays, booklets, leaflets, and direct mailings. "Companies face the task of distributing the total promotion budget over the five promotional tools advertising, sales promotion, public relations and publicity, sales force and direct marketing. Within the same industry, companies can differ considerably in how they allocate their promotional budget. It is possible to achieve a given sales level with varying promotional mixes" (Kotler). "It is the variable that communicates to the consumer about other variables of marketing mix for their need satisfaction. It consists of advertising, publicity, personal selling and sales promotion" (Agrawal).

2.2.4.4 Price

Price is also one of the major parts of the marketing mix. While the marketing manager is developing the right product and promotion, he also must decide on the right price. In setting the price, he must consider the nature of competition in his target market as well

as the existing practices on markups, discounts and terms of sale. He also must consider legal restrictions affecting prices.

"Price mix includes such as analysis of companies' prices, formulation of pricing objectives, setting the price, determining terms and conditions of sales, discounts and commission etc." "In pricing, management must determine the right base price for its products. It must then decide on strategies concerning discounts, freight payments and many other price-related variables" (Stanton). In economic theory, we learn that price, value and utility are related concepts. Utility is the attribute of an item that makes it capable of satisfying human wants. Value is the quantitative measure of the worth of a product to attract other products in exchange. Prices are value expressed in terms of dollars and cents or any other monetary medium of exchange. In pricing, we must consider more than the physical product alone. A seller usually is pricing a combination of the physical product and several services and want-satisfying benefits. Price is the value placed on goods and services. Price is the amount of money and\ or product that is needed to acquire some combination of another product and its accompanying services" (Stanton). "It is the variables that create sales revenue. Consumers pay prices to buy products for their need satisfaction. It may be fixed on the basis of cost, demand or competition. It may involve discounts, allowances, credit facilities etc. price has become the second most important variables of marketing mix because of inflationary, pressures in recent years" (Agawam).

2.2.5 Consumer Preference

Consumer is an Individual who buys products or services for personal use and not for manufacture sale. A consumer is someone who can make the decision whether or not to purchase an item at the store, and someone who can be influenced by marketing and advertisements. Any time someone goes to a store and purchases a toy, shirt, beverage, or anything else, they are making that decision as a consumer. Consumer preference for a product can make or break a company. If consumers generally like a product, it can stay around for years and sell millions of copies. However, if consumers do not like the

product, it could disappear very quickly if the company cannot figure out how to fix the problem. Many consumers choose to buy white cars instead of red or blue no matter what brand the car is, where it was built or how many cup holders it has. This is a consumer preference. Why is white the most popular car color? Some people say it is because it signifies purity or even technology. The color of a car has nothing to do with how the car functions, so logic would say that all colors would sell the same amount or car manufacturers would only produce one color. However, this is not the case. Those manufacturers produce many colors, including twice as many in white, or whichever color is trendy or popular at the time.

Sometimes, consumer preferences may lead to negative results. Shampoo companies found that their customers associate suds with cleanliness, leading them to add sudsing agents to their products even though the amount of suds has nothing to do with how well the shampoos clean hair. The first company to add more suds to their formula was able to use it as a marketing and promotional advantage. Other companies followed suit, leading to a competition.

A consumer preference explains how a consumer ranks a collection of goods or services or prefers one collection over another. This definition assumes that consumers rank goods or services by the amount of satisfaction, or utility, afforded. Consumer preference theory does not take the consumer's income, good or service's price, or the consumer's ability to purchase the product or service.

A consumer preference assumes that the consumer can choose consistently between or among goods and services. The consumer must prefer one set of goods or services over others or treat all as equally beneficial. Consistency is an issue when the consumer must consider more than two alternatives. If a consumer ranks dress shoes ahead of tennis shoes and tennis shoes ahead of sandals, the consumer must prefer dress shoes to sandals. Consumer preference theory assumes that "more is better." This form of preference, monotonicity, has varying levels of strength. Basic monotonicity means that a consumer, if deciding between two laptops with the same amount of memory, will choose the one with the larger screen. The consumer will have a stronger preference for a laptop with both more memory and the larger screen. Diminishing marginal utility means that more is

better to a certain point. According to this assumption, a consumer gets less additional satisfaction the more a product or service is consumed. At some point, a consumer will get to additional utility from the product or service.

The consumer market amounts to a total of 6.3 billion people, and thus there is great demand for an enormous variety of goods and services, especially as consumers differ from one another in that of age, gender, income, education level, and tastes. Moreover, the relationships between different consumers, as well as their contact with other elements of the world surroundings, affect their choice of products, services, and companies (Kotler *et al.* 2005). the reason why consumers buy what they do is often deeply rooted in their minds, consequently consumers do not truly know what affects their purchases as “ninety-five percent of the thought, emotion, and learning [that drive our purchases] occur in the unconscious mind- that is without our awareness” (Armstrong *et al.* 2005, p. 143). Consumers’ purchase process is affected by a number of different factors, some of which marketers cannot control, such as cultural, social, personal, and psychological factors. However, these factors must be taken into consideration in order to reach target consumers effectively (see figure 2.2) (Kotler *et al.* 2005).

Figure 2.2

Cultural	Social	Personal	Psychological	
<ul style="list-style-type: none"> - Culture - Subculture - Social class 	<ul style="list-style-type: none"> - Reference groups - Family - Roles & status 	<ul style="list-style-type: none"> - Age & lifecycle stage - Occupation - Economic situation - Lifestyle - Personality & self-concept 	<ul style="list-style-type: none"> - Motivation - Perception - Learning - Beliefs & attitudes 	Buyer

Factors influencing consumer behavior (Kotler et al. 2005, p.256)

2.2.5.1 Cultural factors

Cultural Factors are some of the strongest influences of consumer buyer behavior. Cultural Factors are the set of basic values, perceptions, wants and behaviors that are "learned" by a consumer from their families and other important social institutions. "Culture" is the most basic source of a consumer's wants and behavior. It lives at the foundation of a consumer's world view. Culture is mostly a learned behavior, being constructed by the society a consumer grows up in. That society "teaches" the consumer basic values, perceptions, wants and behaviors. Marketers need to remember that *every* group or society has a culture. Cultural influences can and will vary greatly from country to country, social group to social group. If you do not account for these values in your marketing plans, your campaigns could be ineffective, and at worst embarrassing. Every cultural group has numerous subcultures. Subcultures are groups of people that have a set of shared values based on common life experiences and situations. Subcultures can include different nationalities, religions, racial groups, and geographic regions. Many of these sub cultural groups make up important customer segments. Because of this, marketers are designing products and marketing campaigns that are specifically tailored to their needs and wants. An example of a growing customer segment and subculture is the "mature" consumer. Culture is the set of basic values, perceptions, wants and behaviors learned by a member of society from family and other important institutions and is the primary reason behind a person's wants and behavior. Although different societal groups have their own culture that affects consumers' buying behavior, the extent to which it influences the behavior might vary from country to country. Each cultural group can be divided into groups consisting of people with common life experiences and situations, also known as subcultures (Kotler *et al.* 2005), such as nationality, racial groups, religion, and geographical areas. The third cultural factor is social class, which is constituted upon among other variables: occupation, income, education, and wealth (Blackwell *et al.* 2001).

2.2.5.2 Social factors

The second classification of factors affecting consumer behavior is social grouping, which is composed of small groups, social roles and status, and family that affect all individuals to some extent. Some of these groups have a direct influence on a person, i.e. membership groups, groups that a person can belong to (Kotler *et al.* 2005), and reference groups which “*serve as direct (face-to-face) or indirect points of comparison or reference in forming a person’s attitudes or beliefs*” (Armstrong *et al.* 2005, p. 148). Finally, a wife, husband or a child have strong influences on a consumer and thus the family is the most vital consumer buying organization in society (Kotler *et al.* 2005).

2.2.5.3 Personal factors

Consumer’s personal characteristics, like for instance age and life-cycle stage, occupation, economic situation, lifestyle, as well as personality and self-concept influence consumers’ buying behavior. Moreover, depending on a person’s occupation and financial situation, as well as the stage in life a person is in, his/her demands for products shift. A person’s lifestyle forms his/her world and the way he/she decides to act, thus a person’s activities, interests, and opinions constitute their lifestyle, as well as affecting the choice of products (Armstrong *et al.* 2005). Moreover, all people are individual; hence have a unique personality of different characteristics, which is often portrayed with traits, such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability, and aggressiveness (Blackwell *et al.* 2001).

2.2.5.4 Psychological factors

Four objects constitute this group of factors, namely motivation, perception, learning, and beliefs & attitudes. When a person is motivated, he/she acts accordingly and the actions taken are affected by the person’s perception of the situation. Perception is the individual selection; organization and interpretation of the information which flows through people’s senses, and consequently a meaningful picture of the world are formed. When people experience new things, changes take place in their behavior, i.e. they learn new

things when they take action. As a result, beliefs and attitudes are acquired and hence affect the buying behavior (Armstrong *et al.* 2005).

2.2.6 Target Group

Companies today recognize that they cannot appeal to all consumers in the marketplace since consumers are too numerous, too widely scattered, and too varied in their needs and buying practices. Therefore, companies must identify those parts of the market that they can best serve, and thus build the right relationship with the right customers. This is also known as target marketing and is the process of evaluating each market segment's attractiveness and selecting one or more segments to enter (Armstrong *et al.* 2005).

2.2.6.1 Age

Consumer needs and interests for products vary depending on age, companies employ age segmentation, offering different products or using different marketing approaches for different age groups (Armstrong *et al.* 2005). Blackwell *et al.* (2001) divide the different age groups into the following: children, teenagers, young adults, and baby boomers, thus the thesis will concentrate on teenagers, young adults, and baby boomers.

2.2.6.2 Teenagers

This group of consumers has a variety of needs, such as a need for belonging, independence, approval, and responsibility, as well as having the need for experimentation (Solomon *et al.* 2001). Teenagers are increasingly given the task of buying products for the family since they not only have more spare time but also enjoy shopping more than their parents do. As a result, marketers are targeting their ads primarily at teenagers. In order to gain teenagers' attention more effectively, advertising campaigns must be honest, have clear messages, and use humor. Moreover, teenagers tend to be fickle and are likely to switch brand preference quicker than any other age group, as they have a high need to be accepted by their friends (Blackwell *et al.* 2001). finally, teenagers are "*easier targets, because they have grown up in a culture of pure*

consumerism. Because of this, they are way more tuned into media because there is so much more media to be tuned into” (Bush et al. 2004, p. 109).

2.2.6.3 Young adults

This group view themselves as being too young to worry about “grown up” issues, and live their lives for the “moment” rather than for “tomorrow” (Ibid). Seeing as this age group is involved in most of the family shopping, marketers have found them to evaluate advertising and products in a very sophisticated manner. Moreover, as they have grown up in the era of media and technology, *“they see advertising as a form of entertainment but are turned off by over commercialization” (Solomon et al. 2001, p. 413).*

2.2.7 Brand

A brand can be defined as a “name, term, symbol, or design, or a combination of them, which is intended to signify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” (Keller 1993, p.2). Brand image takes place when brand associations held in the mind of consumers are conveyed onto a consumer’s perception about a brand. These associations can either be developed from direct experience with the product, from the information communicated by the company, or from previous associations held about the company and origin, etc. (Martinez et al. 2003).

2.2.7.1 Brand equity

Brand equity is, according to Aaker (2005, p. 173) *“a set of assets and liabilities to a brand’s name and symbol that adds to or subtracts from the value provided by a product or service to a firm and/or a firm’s customers”*. These assets and liabilities can be grouped into four categories: brand loyalty, brand awareness, perceived quality, and brand associations.

2.2.7.1.1 Brand Loyalty

Brand loyalty is a *“form of repeat purchasing behavior reflecting a conscious decision to continue buying the same brand”* (Solomon *et al.* 2001, p. 259). Moreover, in order for brand loyalty to take place, customers must have a positive attitude towards a brand, as well as being involved in repeated buying. If, in actual fact, a brand has been greatly advertised and been around for some time, it can generate an emotional attachment by either being integrated into the consumer’s self-image or linked to past experiences (Ibid).

2.2.7.1.2 Brand Awareness

Brand awareness entails that recognition is communicated onto a brand, which allows consumers to identify with the brand product, and thus providing companies with constant competitive advantage (Aaker, 2005). For low involvement products, product *“bought frequently and with a minimum of thought and effort”* (buseco.monash.edu.au), awareness can affect a consumer’s buying decision through a sense of familiarity, whereas for high involvement products, brand awareness provides consumers with a sense of presence and assurance (Aaker, 2005).

2.2.7.1.3 Brand Association

Brand association can either be linked directly or indirectly with a customer’s thought about a brand. Those associations that have the clearest significance are built upon product attributes, such as physical product characteristics and non-material product characteristics (Armstrong *et al.* 2005), and customer benefits - *“the desirable consequences consumers seek when buying and using products and brands”* (Peter *et al.* 1994, p. 87), which provide customers with a motive to buy the product, consequently resulting in brand loyalty (Asker, 1991).

2.2.7.1.4 Brand perceived Quality

Perceived quality can be defined as *“the customer’s perception of the overall quality or*

superiority of a product or service with respect to its intended purpose, relative to alternatives” (Aaker, 1991 p. 85). Perceived brand quality is initially a consumer’s perception about a product, and thus is a tangible overall opinion about a brand. Nevertheless, this feeling is usually based upon fundamental dimensions, such as product features and performance. Furthermore, perceived quality is often differentiated from the actual quality, and can derive from past experiences involving former products or services (Ibid).

2.2.7.2 Brand positioning

Positioning refers to *“consumers’ perception of a brand as compared with that of competitors’ brands, that is, the mental image that a brand, or the company as a whole, evokes”* (Czinkota *et al.* 2001, p. 313). Moreover, researchers claim that positioning can provide benefits to the consumer through a set of different product attributes (Albaum *et al.* 2002). Thus, companies must position their brands/products clearly in the minds of the target consumers. This can be done through the positioning on product attributes, however, companies must bear in mind that these attributes are easily copied by competitors. More specifically, consumers are often not interested in attributes as such, but are rather concerned with what the attributes will actually do for them (Armstrong *et al.* 2005). Another way in which marketers can position brands is by associating a brand with a name that encompasses pleasing and desired benefits (Peter *et al.* 1994). However, strong brands go beyond attribute or benefit positioning, and instead are positioned on strong beliefs and values. (Armstrong *et al.* 2005).

2.2.8 Advertisement

Advertising informs consumers about the existence and benefits of products and services, and tries to persuade consumers to buy them (MacKenzie, 2004). Moreover, Kotler *et al.* (2005) claim that advertising aims at attaining target consumers to either think or react to the product or brand. As a method of achieving advertisement goals, advertisements as well as their content play a vital role in the process of commercial communication. More

specifically, it is the advertised product and brand as well as the content of the advertisement that determine greater or lesser memory retention among the consumers (Royo-Vela, 2005).

The objectives of advertising campaigns are summarized in the figure below:

Figure 2.3

<p>To inform</p> <ul style="list-style-type: none"> • Telling the market about a new product. • Describing available services. • Suggesting new uses for a product. • Correcting false impressions. • Informing the market of a price change. • Reducing buyers' fears. • Explaining how the products work. • Building a company image.
<p>To persuade</p> <ul style="list-style-type: none"> • Building brand preference. • Persuading buyers to purchase now. • Encouraging switching to your brand. • Persuading buyers to receive a sales call. • Changing buyer perceptions of product attributes.
<p>To remind</p> <ul style="list-style-type: none"> • Reminding buyers that the product may be needed in the near future. • Keeping the product in buyers' minds during off seasons. • Reminding buyers where to buy the products. • Maintaining top-of-mind product awareness.

Figure 2.3 Objectives of advertising campaigns

As can be seen in Figure 2.3, there are different types of advertising objectives, and they are classified by the purpose, that is, to inform, persuade or remind. When introducing a new product category, informative advertising is heavily used where the objective is to build a primary demand, but as competition increases, persuasive advertising becomes more important. Here, the company's objective is to build selective demand for a brand by persuading consumers that it offers the best quality for their money. Reminder advertising, on the other hand, is employed for mature products as it keeps customers thinking about the product (Kotler *et al.* 2002).

2.2.9 Marketing strategy

An organization's strategy that combine sell of its marketing goals into one comprehensive plan. A good marketing strategy should be drawn from market research and focus on the right product mix in order to achieve the maximum profit potential and sustain the business. The marketing strategy is the foundation of a marketing plan. Marketing strategy is both unique and commonplace. That might sound like a contradiction of term but it is not. The term "strategy" is widely used to describe a seemingly endless number of marketing activities, today; everything in marketing seems to be "strategic." There is strategic pricing, strategic market entry, strategic advertising and may be even strategic strategy. The glut of competition has focused more attention on performing the traditional marketing actions strategically with an eye towards beating the competition. In that sense, marketing strategy is commonplace. In recent years it seems to have been appended to neatly every marketing action. Marketing strategy is also unique. There is not one unified definition upon which marketers agree. Marketing strategy is a commonly used term, but no one is really sure what it means. "A strategic sector is one in which you can obtain a competitive advantage and exploit strategic sectors are the key to strategy because each sector's frame of reference is competition. The largest competitor in an industry can be unprofitable if the individual strategic sectors are dominated by smaller competitors" (Subhash Jain). Boyd and Larreche (1978) had found in the history of marketing strategy that tremendous confusion over just what strategy is. The term "strategy" as used in marketing, has been applied to at least three types of issues, each at a different level of aggregation.

At the macro level, there are marketing strategies, which focus, on manipulations of the marketing mix variables-product, price, place, and promotion. According to that definition, setting a strategy for a product consists of selecting a price for a product, designing an advertising campaign, and then deciding on a plan of distribution. Finally, there are product market entry strategies, which include strategies that look at specific marketing decisions. Strategies that call for a firm to build market share harvest profit (and share) or defend share from competitor. Another widely used definition of strategy

in marketing emphasizes the broader perspective of strategy in management. The definition views strategic market planning as a four-step process.

- a) Defining the business
- b) Setting a mission
- c) Selecting functional plans for marketing, production and other areas.
- d) Budgeting for those plans, (A bell and Hammond 1978) in that sense, Marketing strategy is more akin to corporate strategy. (Steven P, 1991).

Strategic marketing is a major component of the strategic planning. Its main objective is to establish the product\market scope of a business. Strategic and marketing is the method that concentrates on the market to serve, the competition to be tackled and the timing of market entry \ exit and related moves. Formally, strategic marketing deals with the following questions.

- Where to complete?
- How to complete?
- When to complete?

"Strategic marketing helps to define the market in entering and completing. That may be either an entire market or one or more segments of the entire market. Strategic marketing provides inputs or techniques for solving customer need. That technique may be either an introduction of a new product or of existing product with improvements. Similarly, strategic marketing tries to time to enter the market may be the first in the market or until primary demand is established.

2.2.10 Status

As our research is concerned with the status of Coke and Pepsi, it is very relevant to make some assessment as to the "identifying the target audience"(as it is called in the language of marketing). For this purpose we are going to present some analysis of status (images) as a review of literature in the concerned field of study, as follows;

2.2.10.1 Status Analysis

Status is the set of beliefs, ideas, impressions and person holds as to an object i.e. a product in the marketing sense. People's attitudes and action towards an object are highly conditioned by that object's status.

2.2.10.1.1 Product & Service Status

The status that a product or service has in the mind of the customer that is its positioning is probably more important to its ultimate success than are its actual characteristics. Marketers try to position their brands so that they are perceived by the consumer as fitting into a distinctive niche in the market place, a niche occupied by no other claim will fulfill the consumer's needs better than competing brands. They strive to create a product image consistent with the relevant self-status of the targeted consumer segment.

2.2.10.1.2 Positioning strategies

Positioning strategies is the essence of the marketing mix. It complements the company's segmentation strategies and selection of target markets. Positioning conveys the concept, or meaning, of the product or service in terms of how it fulfills a consumer needs. Different consumer meanings (i.e. product status) are sometimes assigned to the same product or service. Thus, a product or service can be positioned differently to different market segments, or can be repositioned to the same audience, without actually being physically changed.

2.2.10.1.3 Repositioning Strategies

Regardless of how well positioned a product appears to be the marketer may be forced to reposition it in response to market event, such as a competitor cutting into the brand's market share. For example, rather than trying to meet the lower prices of high-quality private label competition. Some premium brand marketers have repositioned their brands to justify their higher prices, playing up brand attributes that had previously been ignored. When Revlon decided to change the image of Revlon cosmetics to attract a younger, more diverse audience, its repositioning strategy involved changing its copy appeals,

changing its advertising media (to youth-oriented TV shows). and changing its distribution channels (from higher- price department stores to lower- priced retail outlets such as drug stores and supermarkets). A similar repositioning strategy was adapted by Sprite & Fanta to target young generation. Johnson & Johnson also adopted same tactics. Another reason to reposition a product or service is changing consumer preference. For example, as consumers became aware of the dangers of intense sustaining, alert cosmetic companies began to add sunscreens to lipsticks, moisturizers and foundation creams, and to promote this new benefits as a major attribute, thus repositioning specific product line. They also created a new and highly profitable product category. Self- tanners that required no sun exposure whatever. When health-oriented consumers began to avoid hi-fat foods, many fast-food chains acted swiftly to reposition their images by offering salad bars and other health oriented foods. Kentucky Fried Chicken changed its well-known corporate name to KFC in order to omit the dread word "Fried" from its advertising. Weight watchers repositioned its line of frozen foods from "dietetic" to "healthy" maintaining its diet-thin imagery while responding to a perceived shift in consumer values.

2.2.10.2 Perceived quality

Consumers often judge the quality of a product or service on the basis of a variety of informational cues that they associate with the product. Some of these cues are intrinsic to the product services and others are extrinsic. Either singly or in composite, such cues provides the basis for perceptions of product and service quality.

Cues that are intrinsic concern physical characteristics of the product itself, such as size, color, flavor or aroma. In some cases, consumers use physical characteristics to judge product quality; For example, consumers often judge the flavor of ice cream or cake by color cues. Even the perceived quality of laundry detergents is affected by color cues. For example, many detergents are traditionally colored blue, in the hopes that housewives will associate the color with the "bluing" their grandmothers used to add to whiten and brighten their laundry. Similarly, Coke & Pepsi both are offered in same color signifying the completion they have with each other.

Consumers like to believe that they base their evaluations of product quality on intrinsic cues, because that enables them to justify their product decisions, (either positive or negative) as being "rational" or "objective" product choices. More often than not, however, the physical characteristics they use to judge quality have no intrinsic relationship to the products quality. For example, though many consumers claim they buy a brand because of its superior taste, they are often unable to identify that brand in blind taste tests.

2.2.11 Usage Trend

Products do not sell themselves and marketing program that insures the same of products as intended should include a program that will guarantee the sale of products. This objective should include the study of usage pattern of the product i.e. that is in hand. How consumers behave as to the consumption pattern of the products (i.e. Coke & Pepsi in our case) must be studied. In fact the image of the product can be derived from the study of the usage pattern of the product itself. For this purpose the study of consumer preference was done by the researcher himself through observation and interviews in many cases and conclusions were drawn from the answers received through questionnaires distributed to retailers & consumers also. On the other hand if a change to be made in taste, price or quality as a whole of the product is felt, again the study on usage pattern of the product is needed. In our case i.e. our research work on cold drinks, the practical aspect of the problem is very clear and lack of any previous research in the field hindered this detail review of literature. And the findings as to the usage pattern will come to be implied within the status and consumer preferences regarding the marketing of Coke & Pepsi in Kathmandu Valley.

In fact, the status of these products as well as the attitude of a consumer towards a certain product is often related to the pattern of use as seen in the market. Since, the usage pattern of consumers is directly related to the understanding of consumer preference towards product... It is obvious that a marketer or a manufacturer must have an idea or a consumption- related ways and with learning what internal and external influence impact them to act as they do. As such it can be stated that image and the attitude themselves as

already has come into existence in the mind of the consumer. As such, this specific study as to usage pattern itself does not give much sense unless it encompasses both image and attitude. Similarly, as marketing researchers began to study the buying behavior of consumers, they soon realized that many consumers rebelled at using the identical products everyone else used. Instead, they preferred differentiated products that they felt reflected their own special needs, personalities and lifestyles. Such situations give birth to different image and attitudes towards different products and as a result set particular types of usage pattern of products in the market. To meet the needs of specific groups of consumers, most marketers adopt a policy of "marketing segmentation", which calls for this division of their total potential markets into smaller, homogeneous segments for which they could design specific products and or promotional campaigns. At the same time they also use promotional techniques to vary the image of their products so that they would be perceived as better fulfilling the specific needs of certain target segments. This process is called nowadays as "positioning." Other reasons for the developing interest in consumer preference regarding usage pattern of consumers include the rate of new product development, growth of the consumer movement, public policy concerns and environmental concerns etc.

Thus the marketing objective should be to enable the consumer, to link a specific image with specific brand name and such image will definitely lead to some specific pattern of use of the products and the pattern seen and found in the existing marketing conditions also lead back to the image and attitude also. This means usage pattern can also give feed back to the marketers as to the strategic decision makings regarding the images and attitudes of consumers towards certain products.

2.3 Review of Related Studies

2.3.1 Review of Empirical Studies in Global Context

The world's soft drink market is totally subject by just two players: Coke and Pepsi. Coke," The genuine thing' other than a century old was born eleven years more on of its competitor and a century later on, still maintains the original lead Pepsi , "the

challenger's even now poses as the hurried, young upstart and struggle the cola was as the drink for the younger age group.

Abdul Munam Jamim Paracha (Global Journals-2012), Consumer Preference- The tale of coke was 1st geared up by pharmacist John styth Pemberton in 1886. At first, the drink was introduced in Atlanta, Georgia and was selling for five cents. In 1886, sales of coke averaged 9 drinks per day. In 1891, Atlanta entrepreneur acquires entire ownership of the Coke business in 1919, the coca cola alliance was sold to a set of investor for twenty five million. In the history 112 years, Coke has surrounded itself into American society. In 1994, the American Consumption was further than 773 million helping of coke, Diet Coke, Sprite, Fanta and other foodstuffs of the coca cola company.

The tale Pepsi cola was shaped in the late nineties by pharmacist Caleb Bradham & Frito-Lay Inc. was created by the 1961 joining of the Frito Company, establish by Elmer Dolin in 1932. Pepsi Co. was found in 1965 by Donald M Kendall president and chief executive officer of Pepsi Co. and Herman Wlay, chairman & CEO of Froto-Lay, through the merger of two companies. The Company from its beginning had strong on the diversified field portfolio of products. With sale of \$510 million & 1900 staff, the product of the new corporation were Pepsi Cola, Diet Pepsi, Mountain Dew, Fritos & Corn chips, Lay's, potato chips, cheese flavored snacks, ruffles, potato chips and pretzels.

The finding of this study, price is also very important factor that influence to choose their preferred brand. Availability of convince, promotion scheme and discounts also factor to choose their preferred brand. Coca cola customer are think that is not only used to fill their basic thrust but also purposes while Pepsi cola customer think that there preferred cola is important because it fill their basic thrust. Both brand manufacture think that manufacture and expire date is very important so that they preferred there cola according to their perspective. Thus Pepsi have to work more to compete with coke and to lead market.

Source-Beverly J. Tepper and Amy C. Trail Journal of Food Science and Technology, 15 September 1998- Taste or health: A study on consumer acceptance of cola drinks this studies examined the relative contributions of taste and health considerations on

consumer liking and purchase intent of cola drinks. Eight types of commercial cola drinks were evaluated by 305 adult consumers who also completed a brief questionnaire on food habits. Data were analyzed using factor analysis. Results revealed that purchase intent of cola drinks was strongly related to degree of liking and to several key sensory attributes including saltiness, drinks flavor and greasiness. These variables emerged as the first factor in the analysis, suggesting that consumers perceive these characteristics as being most important in their choice of cola drinks. Factor 2 described a health dimension and was related to respondents' attitudes toward fat in the diet. Factor 3 comprised two remaining sensory attributes (color and crunchiness), which apparently were of minor importance to the respondents. These data suggest that in spite of current concern about reducing dietary fat, health remains secondary to taste in the selection of cola drinks for consumers in this population.

Eva-Lena Andersson, Evelina Arvidsson, and Cecilie Lindström (2006) studied that International advertising and international sponsorship respectively influence the local target group in different ways, but they also affect international brand in that they have an impact on brand image and brand equity. Moreover, depending on a person's age, consumers view brands differently, and thus have an effect on international brand alone, but also in combination with international advertisement and international sponsorship. Together, these factors influence the way in which a brand is perceived, and consequently influence consumer preferences. Yet, as a result of globalization, the use of advertisement across cultural borders has grown immensely, and while one expert claims that the average person is daily exposed to 1,600 advertisements, another expert estimates the total number to be as much as 5,000 a day (Armstrong *et al.* 2005), "*from billboards to bumper stickers to logos on caps and T-shirts*". Seeing as advertising clutter has increased tremendously and is more intense than ever, it is vital that companies differentiate themselves from competitors by creating even more powerful, entertaining, and innovative advertisement messages. However, this has proven to be very costly, especially within highly competitive product markets, such as the soft-drink industry, which requires higher advertising budgets just to stay even with competitors.

Examples of such companies that spend billions of dollars on advertising in order to stay key players in their industry are the Coca-Cola Company and Pepsi Company, not only are Coca-Cola and Pepsi dominant market leaders on the worldwide beverage market, but they are also two of the most notable and widely sold commercial brands in the world and annually spend billions of dollars on advertising campaigns. In 2004, Coca-Cola's worldwide advertising budget exceeded \$1.5 billion, while Pepsi's advertising expenditure totaled \$1.3 billion (www.mind-advertising.com). Coca-Cola's advertising has always been celebrated globally, and introduced its first advertising theme in the early 1900's and has since seen plenty of popular themes that have become recognize worldwide. Today, Coca-Cola depends heavily on "*images of happiness and togetherness, tradition and nationalism*", whereas Pepsi relies more on the appeal of celebrities, popular music, and young people in their television commercials. Not only can it be difficult to understand consumer preference and target groups' needs on the domestic market, but for multi-national companies, this is an even greater struggle. Despite the fact that most of the world's consumers have certain things in common, their values and attitudes, as well as preference often differ.

As a result, it is vital that international marketers understand these differences and adapt their marketing strategies accordingly. Failure to do so could result in disaster for a company's international products and marketing programs. More specifically, the degree to which international advertisement should be adjusted in accordance to distinctive consumer characteristics in different countries is of great concern for many companies (Armstrong *et al.* 2005). Consequently, the debate about whether to standardize or adapt an advertising campaign has come to dominate the area within the international marketing literature for decades (Harris *et al.* 2003). One such promotional strategy is that of sponsorship, which to some extent share similar objectives to advertising, such as sustaining and building corporate awareness. Although both advertisement and sponsorship messages are delivered to a greater audience, the later persuades its contexts more indirectly and implicitly. Although demographic segmentation continues to have an influential role within the marketing theory, the majority of the research focuses on the way in which demographic variables affect marketing communications, particularly that

of gender and advertising. Merely little research can be found within the other demographic variables and thus age segmentation theory is relatively limited (FitzGerald *et al.* 1996). As a result, more knowledge about factors affecting consumer buying behavior is needed. Thus we propose the following question: to what extent do advertising, sponsorship, brand, and age affect consumer preferences?

The overall purpose of this paper is to gain a deeper understanding of different international and local factors affecting consumer preferences on a local market. Specifically, we want to explore the effect international well-recognized advertising campaigns have on consumers' buying process. We also want to study whether or not there is a relationship between the above mentioned factors' influence on the choice of homogenous products.

2.3.2 Review of Nepalese Studies

In an attempt to study the impact of sales promotion tools on sales of cold drinks in Chitawan, Adhikari (2002) examined with 100 respondents to find out which promotion tools and media is more acceptable by Nepalese consumer, evaluate effectiveness of sales promotional activities in the sales of cold drinks in Nepal and relationship between sales promotion package and consumer behavior. The major objective of the present study to see sales promotional tools are effective or not on the sales of the Cold drinks. The whole research is sub divided on the basis in interpretation and analysis into two parts i.e. first effect of sales promotion from the consumer and shopkeepers view point and second effects on sales promotion from the calculation of sales data. On the basis of analysis of the consumers view point and sales data separately. The major findings of the study as follows:

- People are aware about sales promotion activities out of them most people know about item prize than coupon than cash prizes. But cash prizes is effective than others tools.

- The sales of Cold drinks increasing month by month but the ratio of sales is higher in the months when the companies launched sales promotion program. This indicates that is positive relationship between the sales promotions.
- The sales of one brand does not affect negatively to the sales of other brands. As the observation shows that the trend of all two brands are increasing.
- The Cold drinks drinkers have not particular choice of brands. So the concept of brand loyalty is not found Nepalese Cold drinks market. So they can easily be directed towards one particular brand through proper marketing net.
- All media is not popular among the people. Only electronic media (especially TV) is very popular among the people and the people who watch and listening media notice the advertising.
- The percentage of the people notice advertising for entertainment is higher than for information.
- It is found that cold drink distributor generally conduct 3 months special promotion package one time in a year. In this time they achieve 50 percent sales target of year. From the regression it is clearly seen that if the expenses on the sales promotion increases the sales of the product will be increases. Large numbers of people are interested on promotional contents that the manufacturer launches various occasions.
- Retailers are interested on promotional program. They are aware of cash prizes then other promotional work. Sales promotion programmed has positive impact on retailers and most of them taken parts on contents and win prizes.

The study has further recommended for an improvement in the taste and quality and fixing reasonable price which can be helpful measure to increase the volume of sales in the market.

Shrestha(1998), studied the usage pattern, attitude and image of cold drinks to examine the purchase behaviour of consumers. The study covered a survey among consumers of cold drinks in Kathmandu valley consisting of 100 respondents. The study also concluded that advertising is considered as the primary source of information. The advertisement of

Coke and Pepsi and other branded cold drinks are founded in Kathmandu. Coca-Cola brand is more popular than other brand. Consumer gives more preference to the brand but less preference to quality and test. Television is the most favorite media for advertisement. The major reason of brand switching is the taste of the products.

The study has recommended that advertising should be more believable and effective, so manufactures are suggested to advertise their product thought television and other media. Most of consumers are found brand loyal. If they don't get the desired brand, they use the alternative brand. So the marketers are suggested to give proper attention on their distribution system. It is suggested that the manufactures of cold drinks should try to fulfill consumer's demand on cold drinks of their choice.

In an attempt to study the coffee marketing system in Nepal, Pathak (1998) examined the challenges, problems and profitability of farming, processing and marketing of coffee and professional standards with 50 respondents. The study articulate that Nepalese farmers are motivated to plant coffee for better yields and they technical support and training for professional farming skills. There is no support to farmers input; supply and sales security were varying weak. Recently emerging community activities show better symptoms in this respect. Pricing to support farmers was effective due to increased competition. Market promotion is weak and packing is the first place to start promotional campaign. Now, push sales is the only measure and no promotions are done. Distribution system components are assembly transportation, processing and other processing. Through Nepalese domestic production covers only 22.9 percent of domestic market. Nepalese coffee is worth exporting and Nepalese consumers prefer instant coffee mainly imported from India. It shows that Nepal can develop coffee, as an important cash crop to generate exports which should help in economic growth, employment generation and mitigating the ever-increasing unfavorable balance of trade, for this professional and institutional approach, is warranted for.

The study has recommended that to select better seeds appropriate for the Nepalese landscape and climate. Interest Rate 17% is not appropriate for farming and is very high. Enterprising farmers should be trained so as to make them the bridge between the

ordinary farmers and technical exports. Wet pulping should be introduced and farmers should be facilitated to pulp, hull and grade the beans and green beans should be introduced in trade. There should be improved in packing of roasted coffee. Demonstration farms should be developed as the catalysts to incorporate rural people in modern business ethics. Professionalism should be encouraged in coffee marketing.

Bhatta (1998), studied the Beer market of Nepal with the objectives of analyzing the sales promotion and its effect on sales in Kathmandu valley with 100 respondents. Though the concept of sales promotion is relatively new in Nepal, there are lots of think to be researched and find out in the practice of sales promotion. On the basis of analysis of the consumers view point and sales data separately. The following findings are drawn. The people with high-income group highly educated and from business people tend to drink beers more. The people drink beer at restaurants for relaxation rather than other cause. The people prefer San Miguel brand than other beers. In the case of sales promotion the cash prizes out of all the tools insist people. In advertising, electronic media is varying popular among the people. If the expenses on sales promotion increase, the sales increase in a high speed. From the regression it is clearly seen that if the expenses on the sales promotion increases the sales of the product will be increased. It is concluded that sales promotion works as a starter to the beer drinkers. Most people, who are not so educated, are not loyal to wards any particulars brand. Due to this, the sales promotions easily quench the attention of those beer drinkers and as a result the sales of the beer will increase.

The people who drink beers accept electronic media most. So far sales promotions purpose, the electronic media is very suitable. The sales promotion is very powerful tools which can easily boots the sales. The study has recommended that low-income group as well as low education group should be launched the beer. In advertising, the electronic media is very popular. So the heavy media coverage should be acquired. People like sash prizes so company should cut down the prize like motorcycles, fridge, TV, etc. findings proved that the sales promotion have positive impacts on the sales of the beers. But the companies launched the sales promotion programmers for only 3 months. It is strongly

advised that sales promotion programmers should be launched at least for 6 months. At least, sales promotion is very important if the use would be in a proper way.

Thapa (1999) studied the market situation, price, quality and test of instant noodle to test the position of Yum Yum instant noodle with other brands in Kathmandu valley consisting of 150 respondents. On the basis of the field survey and subsequent analysis, the study has found following. All wholesalers are under the distributorship of Chitwan Supplier, the single distributor of Yum Yum in Kathmandu. Wholesalers prefer the brands of noodles on the basis of sales volume. On the basis of sales volume WaiWai stands at the top and Yum Yum stands in second. Few wholesalers have expressed the view that some retailers complain over the price of Rara, WaiWai, and Hits and Ot! the taste of Yum Yum. After introduction of Yum Yum in the market, 90% of wholesalers expressed that the quality is not satisfactory and rest of the wholesalers expressed that the quality is not satisfactory regarding the distribution of different brands by their quality. WaiWai is the best quality noodles and Yum Yum was in second position. Out of 100 percent, 65 % use noodles as Tiffin and rest of 35% respondents use it as both Tiffin and dinner. This study concluded that the use of instant noodles has become a general consumption phenomenon in Kathmandu. There are various brands of instant noodles available in the market and market of noodles has turned to be competitive in recent years. The company does not have effective & reliable channel to collect information from wholesalers, distributors & consumers.

The company should increase the incentive to the wholesalers\ distributors so as to motivate & encourage them to focus their transactions on Yum Yum. The company should diversify its marker by penetrating into potential rural areas. It should establish efficient distribution networks and provide reasonable amount of commission at each level.

2.4 Review of Related Articles

2.4.1.1 Annual Review of Coca-Cola Company

The Coca-Cola Company is the world's largest beverage company. They own or license and market more than 500 nonalcoholic beverage brands, this balanced portfolio includes not only sparkling beverages but a variety of still beverages such as waters, enhanced waters, juice drinks, ready-to-drink teas and coffees, and energy and sports drinks. Coke brand market four of the world's top five nonalcoholic sparkling beverage brands: Coca Cola, Diet Coke, Fanta and Sprite. Beverage products bearing our trademarks, sold in the United States since 1886, are now sold in more than 200 countries. The Coca-Cola Company at Atlanta city has published an annual review that describes the company's overview. According to this overview "the health of our business depends on the health of our consumers, their communities and the natural environment we all depend on. The people of the Coca-Cola company work together with our bottling partners, our business partners and members of the communities in which we operate- and even our critics-to identify and address existing and emerging social and environmental issues as well as potential solutions with our technical and marketing expertise, our reputation and network of influence and our global production and distribution system, we have a tremendous opportunity to make a meaningful difference in the more countries we call home. We believe that the greater our presence, the greater our responsibility."

2.4.1.2 Annual Review of Pepsi-Cola Company

PepsiCo Inc. is an American multinational food and beverage corporation headquartered in Purchase, New York, United States, with interests in the manufacturing, marketing and distribution of grain-based snack foods, beverages, and other products. PepsiCo was formed in 1965 with the merger of the Pepsi-Cola Company and Frito-Lay, Inc. PepsiCo has since expanded from its namesake product Pepsi to a broader range of food and beverage brands, the largest of which include an acquisition of Tropicana in 1998 and a merger with Quaker Oats in 2001—which added the Gatorade brand to its portfolio.

As of January 2012, 22 of PepsiCo's product lines generated retail sales of more than \$1 billion each and the company's products were distributed across more than 200 countries, resulting in annual net revenues of \$43.3 billion. Based on net revenue, PepsiCo is the second largest food & beverage business in the world. Within North America, PepsiCo is ranked (by net revenue) as the largest food and beverage business.

Indra Krishnamurthy Nooyi has been the chief executive of PepsiCo since 2006, and the company employed approximately 297,000 people worldwide as of 2011. The company's beverage distribution and bottling is conducted by PepsiCo as well as by licensed bottlers in certain regions. PepsiCo is a SIC 2080 (beverage) company.

2.4.3 Task Force Report

2.4.3.1 Market Place

The task force report of Coca-Cola product at Atlanta, USA has described in detail about the quality product like Coca-Cola. According to Task force report under place "when you Purchase a coca- cola product, you count on its quality. Our market nearly 2400 beverage products in more than 200 countries. Each of those products must be of the highest quality and must meet consumers' changing tastes, needs and expectations. And in each of those countries, we are an active member of the business community, working hand in hand with local individuals, merchants and governments to improve the health and prosperity of the local economy".

2.4.3.2 Quality

According to task force reports under quality "We ensure the quality and safety our beverages through the Coca-Cola quality system (TCCQS), our integrated approach to managing quality, environment, health and safety. We continuously review TCCQS to ensure it meets the stringent and up-to date global requirements related to food safety, as well as quality management method, industry best practices and marketplace conditions. In our ingredient evaluation laboratories, for example, we perform precise analysis of

fruits juices and other ingredients sent to us by our suppliers, to ensure and to improve product quality. Our processes, too, undergo constant scrutiny, to safeguard the water we use in our products and the packaging that carries them to our consumers. We inform and educate our business partners about our standards so that they meet the highest quality requirements. Under TCCQS, quality is our highest business objective and our enduring obligation.

The articles of Coca-Cola war published in Himalayan times dated on perspective, Sunday, September 10, 2006 entitle of cola war and branding events. According to cola wars" cola, as it was less formally called (the company trademarked the nick name in (1962), enjoyed a market share in excess of 60 percent at the end of second world war, but increased competition from others drinks began to erode the company's dominance. Part of this was Coca-Cola's own doing during the 1960s, it introduced new drinks Sprite, TAB, and Fresca, and in 1982 the incredibly popular diet. Coke debuted but the increasing success of Pepsi cola, which first appeared in 1898, eventually gave the company reason for concern. It's impossible to say who fired the first volley, but during the 1970s and 1982s, the so-called "cola wars "intensified." According to branding events "today, Coca-Cola spends more money on global sports sponsorship than Pepsi or any other company with total worldwide expenditures in excess of \$1 billion a year. Coke sponsored the 2002 and 2006 world cup, and it has sponsored the Olympics since 1928. In 1998, the company signed a landmark 100-year deal for sprite to .be the official soft drink of the national basketball association.

Some may believe that the company's future is mixed as well but the common perception seems to be: if the company can survive just about anything. With the name 'Coke' practically synonymous with 'Cola drinks'. One can't imagine the brand's name recognition going flat anytime soon. The cola wars will never end, but coke is far too entrenched in the public's consciousness to ever settle for less than number two in the market share battle.

2.4.3.3 Trademarks

Our trademarks are our most valuable assets. The trademark "coca - cola "was registered

with the us patents & Trademark office in 1893, followed by “Coke” in 1945. The unique Contour bottle, familiar to consumers everywhere, was granted registration as trademark by the us patents & trade mark office in 197, an honor awarded to only a few other Packages. In 1982, the coca – cola company introduced diet coke to us consumers, marking the first extension of the company’s most precious trademark to another bearing the coca cola name, which now encompasses a powerful line of six cola products. Today, the world’s favorite soft drink, coca cola is also the world’s best known and admired trademark, recognized by more than 90 % of the world’s population.

Guiding principles of Coca cola Nepal:

1. We will conduct ourselves and our business activities with high standards of honesty, integrity and professionalism.
2. We will recognize the positive contributions that we make as individuals and team members to produce our business.
3. We will encourage a learning environment where people constantly grow, develop and contribute.
4. We will strive for excellence and seek continuous improvement in everything we do.
5. We will respect all share holders including employees, partners and suppliers and install them with passion, to deliver quality goods and services.

Business framework of Coca Cola brand

The mission is the focal point for the company. It needs these components working in conjunction to achieve the mission.

People- are the main assets of the company that must be developed to meet the challenges of the business environment.

Commitment – people must be committed to achieving the business goals and feel secure in making business decisions.

Policies / procedures – provide the guides and structure to conducting business.

Goals / objectives – provide the targets, which are in line with the overall mission.

Environment- we must provide proper environment in which our employees conduct the business with honesty and integrity in accordance with moral, ethical and legal standards.

CHAPTER-3

RESEARCH METHODOLOGY

3.1 Introduction

The objective of this study is to examine the marketing, usage trend and status of Coke and Pepsi in Kathmandu Valley. This research required us to conduct the consumer research on why they choose the drink. In this study, the relevant data have been collected from consumers and retailers. To achieve the objective, the study follows a research methodology, which has been described as follows:

3.2 Research Design

This study is based on a survey research design. A limited scale survey has been conducted among the consumers and retailers of Coke and Pepsi in Kathmandu Valley. The questionnaires have been administered in order to collect data and other information relating to the research adopted for this study. A well- structured questionnaire are used which was a mixture of open ended, closed-ended questions, ratings scales, multiple choices and dichotomous are also used for collections certain information.

3.3 Population and Sample

As the total population of cold drinks users of presently available brand is hard to quantify in number, the study takes the population as the total consumers of Coke and Pepsi from various parts of Kathmandu Valley. Though the sample size is very small in comparison to the total population, sufficient efforts have been made to make the sample representative by included consumers from the different profession, age group, educational backgrounds and sex. Due to time and resource constraints the sampling size of 100 customers and 60 retailers are selected for the survey.

3.4 Nature and Sources of Data

This study is based mainly on primary data collected directly from the respondents. The respondents for this study are the consumers and the retailers of Coke and Pepsi at Kathmandu Valley. Most information has been collected from the primary source through

the questionnaires and oral conversations. The questionnaires were distributed to the consumers and retailers of Kathmandu Valley for collecting necessary information.

Table: 3.1

The size of sample and respondents

Base	Distributions	Respondents	Percentage
Consumers	100	100	100%
Retailers	60	60	100%
Total	160	160	100%

Sampling Size of 100 consumers and 60 retailers were interviewed by this studies researcher with the help of two different sets of structured questionnaires. Apart from the data collected through the questionnaires, some supplementary primary used in this study are presented in the appendix.

RESPONDENTS' PROFILE: CONSUMERS

Table: 3.2

User of Coke and Pepsi: Age wise

Age	No. of respondents	Percentage
13-25	26	26%
25-35	38	38%
35-45	21	21%
Above 45	15	15%
Total	100	100%

Source: primary data / appendix 1/ questionnaire

As shown in table 3.2, among the sample selected for the study, 26% of consumer of Coke and Pepsi lies in the 13 to 25 age groups, 38% lies in the 25 to 35, 21% lies in 35 to 45 age group and 15% lies in the above 45 age group. So, the 25-35 age groups are mainly the user of Coke and Pepsi.

Table: 3.3

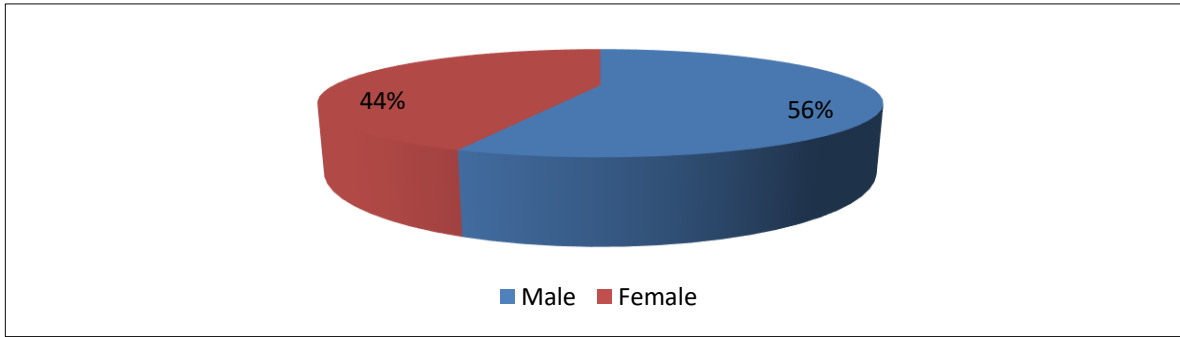
User of Coke and Pepsi: Sex wise

Sex	No. of respondent	Percentage
Male	56	56%
Female	44	44%
Total	100	100%

Source: primary data / appendix 1/ questionnaire

Figure-3.1

User of Coke and Pepsi: Sex wise



As presented in figure 3.1, the sample included 56% male consumers and 44% female consumers of Coke and Pepsi in Kathmandu Valley. There are 100 samples and 56% of which are male, it's indicate that male are consumes relatively more soft drinks than female because of consumption power and earnings relatively higher than female in Kathmandu valley.

Table: 3.4

Users of Coke and Pepsi: Education wise

Under S.L.C.	10	10%
S.L.C. passed	20	20%
Under graduate	36	36%
Graduate	21	21%
Above graduate	13	13%
Total	100	100%

Source: primary data / appendix 1/ questionnaire

Figure-3.2

Users of Coke and Pepsi: Education wise

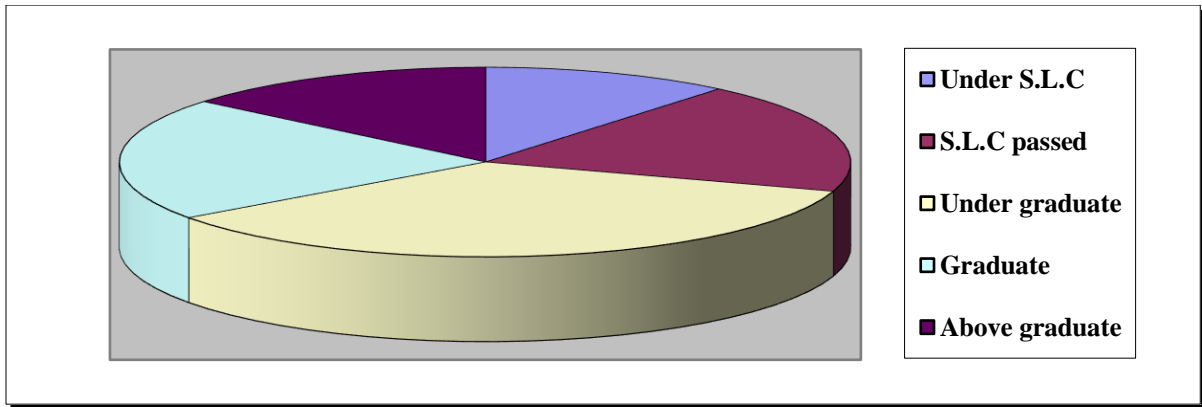


Table 3.4 and Fig. 3.2 present the education profile of the respondents, out of 100 respondents surveyed, 36% of Coke and Pepsi users are under graduate and 20%, 21%, 13% and 10% are S.L.C. passed, graduate, above graduate and under S.L.C. respectively. On the basis of above data we can say that soft drinks are more famous among undergraduate students and graduate are in second place in comparison with other group education wise.

Table: 3.5

Users of Coke and Pepsi: Occupation wise

Occupation	No. of respondents	Percentage
Students	38	38%
Job holders	34	34%
Businessman	17	17%
Others	11	11%
Total	100	100%

Source: primary data / appendix 1/ questionnaire

As shown in table 3.5, according to occupation background 38% are students, 34% are job holders, 17% are businessman and 11% are others to take Coke and Pepsi. The no student as respondent is higher because soft drinks are more famous among students than any other group, job holder are in second position for this purpose in comparison with business and other groups.

Figure 3.3
Users of Coke and Pepsi: Occupation wise

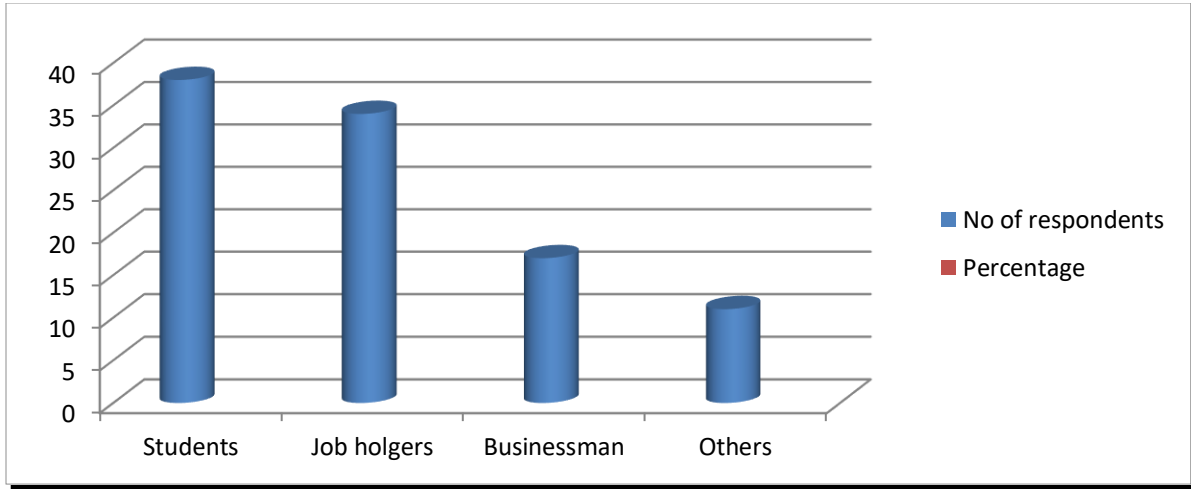


Table: 3.6
Users of Coke and Pepsi: Income Level of Consumer

Level of Income(Rs.)	No of Respondent	Percentage
No Income	12	12%
Below 9999	38	38%
10000-30000	34	34%
Above 30000	16	16%
Total	100	100%

Source: primary data / appendix 1/ questionnaire

As shown in table 3.6, the chart shows the level of income among the (consumer) respondents. The category of income are No income, Bellow Rs.9999, Rs.10000-30000, and above Rs. 30000. As in this survey most of participants are student and side job holders. They have below Rs.9999 income their contribution is in this survey is 38% and above Rs.30000 is 16%.

Figure: 3.4

Users of Coke and Pepsi: Income Level of Consumer

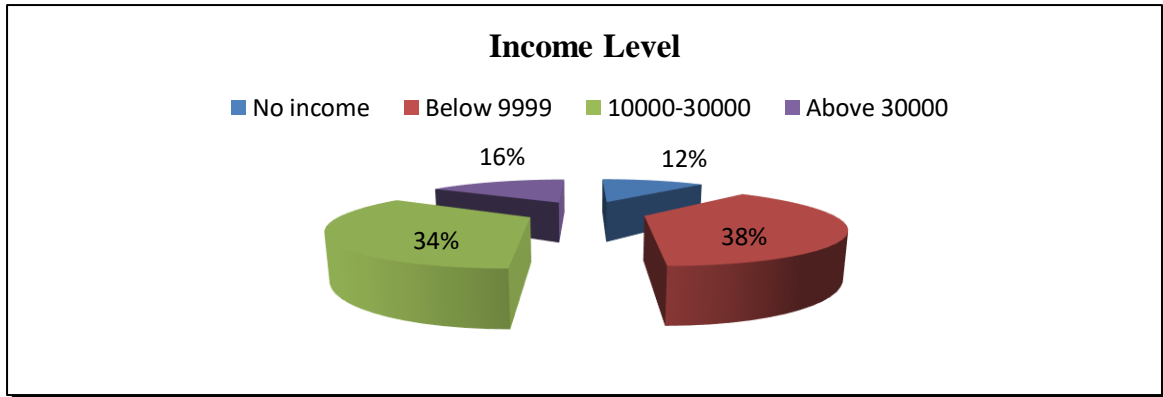


Table: 3.7

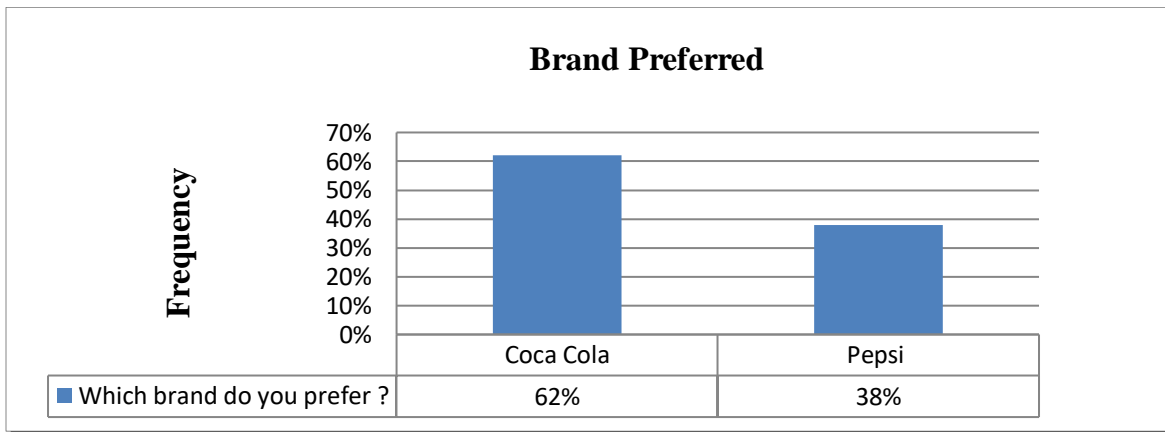
Users of Coke and Pepsi: Brand preferred

Brand	No. of respondent	Percentage
Coca Cola	62	62%
Pepsi	38	38%
Total	100	100%

Source: primary data / appendix I/ questionnaire for consumers/ question no. 1

Figure 3.5

Users of Coke and Pepsi: Brand preferred



This bar chart shows that out of 100 respondents 62% prefer Coca Cola & 38% prefer Pepsi. It shows that Coca cola is the first brand preferred by the consumer.

RESPONDENTS' PROFILE: RETAILERS

Table: 3.8
Nature of Business

Type of outlet	No. of respondents	Percentage
Retail Shop	24	40%
Cafe	15	25%
Canteen	12	20%
Hotel	9	15%
Total	60	100%

Source: primary data / appendix 2/ questionnaire/question no 2.

The above Table shows that majority of the retailers doing the Retail Shop cold drinks Business is 40 %, similarly 25% of the Café, 20% of the Canteen and 15% of the Hotel.

Figure: 3.6
Nature of Business

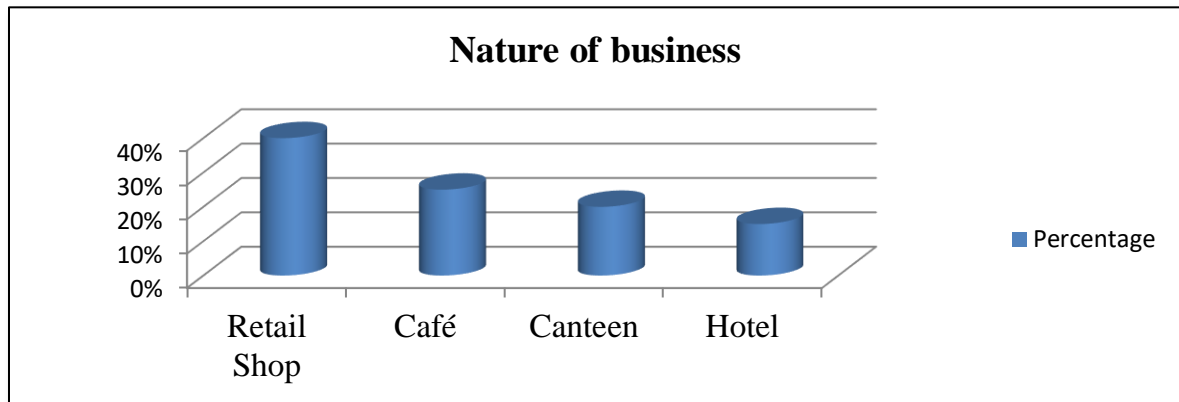


Table 3.9

Retailers experience in selling soft drinks of Coke and Pepsi

Type of outlet	No. of respondents	Percentage
< 5 Years	9	15%
5- 10	24	40%
10-15	18	30%
Above 15 years	9	15%
Total	60	100%

Source: primary data / appendix 2/ questionnaire/question no 1.

From the above table, 40% of the retailers who are doing soft drink business are having an experience of 5 -10 years and next 30 % retailers have an experience of 10-15 years. Less than 5 years and above 15 years are equal to 15 %.

Table 3.10

Most fast moving drinks in retailers shop

Type of drinks	No. of respondents	Percentage
Pepsi	18	30%
Coca Cola	27	45%
Sprite	6	10%
Slice	9	15%
Total	60	100%

Source: primary data / appendix 2/ questionnaire/question no 3.

From the above table, 45 % of respondents said Coca cola is most fast moving drink in their retail outlets, 30 % Pepsi the next fast moving drink.15% next one is Slice and the

last one is Sprite is around 10%. It shows that Coca Cola is the fastest moving drink among others.

Table 3.11
Retailers Perception for the price aspects of Pepsi and Coca Cola
Products

Opinion/Perception	No of Respondents	Percentage
Very high	0	0%
High	0	0%
Reasonable	54	85%
Low	4	15%
Total	60	100%

Source: primary data / appendix 2/ questionnaire/question no 4.

From the above table it was found that 85 % of the respondents rated that coca cola products is having reasonable price. 15% respondent opinions that the price should be raises it seems very low. No one has perception regarding the high price of Pepsi and Coca Cola Products.

From this we conclude that the Pepsi and Coca Cola Company has Provided its service in a cheap and a reasonable price for all class of people.

. Table 3.12
Type of customers most visiting in the retailers shop

Attributes	No. of respondents	Percentage
Job Holders	6	10%
Family Members	15	25%
Students	24	40%
Business Man	15	25%
Total	60	100%

Source: primary data / appendix 2/ questionnaire/question no 5.

From the table 3.11, Out of 100%, 40% students, 25% family members and businessman both, 10% job holders are the respective percentage of the customer visiting in the retailers shop. Thus we can conclude that majority of the students is fond of Pepsi and Coca Cola and are the main visitors of retailers shop.

Table 3.13

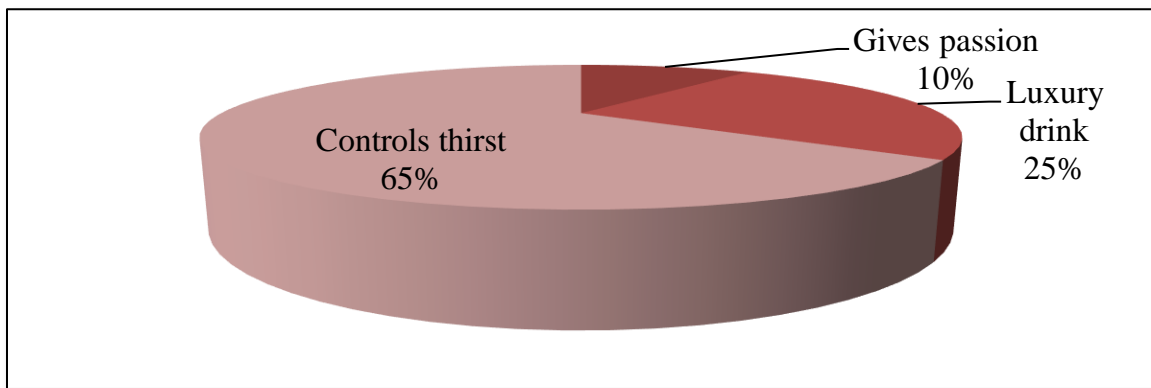
Perception of Retailers about Soft Drinks (Pepsi and Coca Cola)

Attributes	No. of respondents	Percentage
Gives passion	6	10%
Luxury drink	15	25%
Controls thirst	39	65%
Total	60	100%

Source: primary data / appendix 2/ questionnaire/question no 6.

Figure 3.7

Perception of Retailers about Soft Drinks (Pepsi and Coca Cola)



From the above diagram 65% consumer drinks Pepsi and Coke for controlling their thirst, 25% for luxury drinks and 10% for passion respectively. Thus we can conclude that majority of people consume Coke and Pepsi for thirst rather than for luxury or for passion.

Table 3.14

Annual Turnover in Standard Units (Cases) of Pepsi and Coke Products

Units (cases)		No. of respondents		Percentage	
Pepsi	Coca Cola	Pepsi	Coca Cola	Pepsi	Coca Cola
Below 100	Below 100	6	3	10%	5%
100-300	100-300	18	15	30%	25%
300-400	300-400	33	36	55%	60%
500 & above	500 & above	3	6	05%	10%
Total		60	60	100%	100%

Source: primary data / appendix 2/ questionnaire/question no 7.

From the above table, the no of sales, in unit cases taken from below 100 to 500 above in between Pepsi and coca cola and comparatively shows that the trend of sales of Coca cola is increasing as increase in no of cases.

3.5 Data Collection Procedures

Two sets of structured questionnaires were developed for the purpose of collection data from the consumers as well as retailers such as college, banks, office canteen and hotels etc. The questionnaires were distributed through personal contact in which the respondents were requested to personally visit to take interview of the retailers and consumers. On the three months of survey period, these data are collected between July 16, 2013 to Oct 16, 2013.

3.6 Data Processing and Analysis

The raw data collected through the questionnaires have been manually processed and presented in the form of table. Once the data are arranged orderly, simple statistical tools were used for analysis such as percentage method. The processed data have also been presented graph, bar, diagram and pie-chart. All the questionnaires were distributed and collected by these studies. So there was no delay in collection of the consumers. Every questionnaire was thoroughly checked after the collection.

CHAPTER-4

DATA PRESENTATION AND ANALYSIS

This chapter deals with data presentation and analysis. The data and information collected from the consumers and retailers have been presented, analyzed and interpreted in this chapter for attaining the stated objectives of the study. The heading first presents the consumer level survey and the retailer level survey after analysis and interpretation; the major findings of the study are included at the end of this chapter.

4.1 CONSUMER SURVEY

Table: 4.1

Consumer usage trends and prefers their favorite brand

Brand	No. of respondent	Percentage
Coke	27	27%
Sprite	19	19%
Fanta	16	16%
Pepsi	23	23%
Slice	11	11%
Mirinda	4	4%
Total	100	100%

The survey included question to find out the attitude of consumers to cold drink of different brands and whether they consume only one type of brand or more than one. The result of survey is shown in table 4.1, Among the 100 respondents' survey in Kathmandu Valley, 27% of the consumer are found to consume Coke, where as 19% of respondent

consumed Sprite, 23% of respondents consume Pepsi, 16% of respondents consume Fanta, 11% consume Slice and 4% of respondents consume Mirinda.

From the above table it proves that the choice of Coke is far ahead than other cold drink while Pepsi takes the second position. From the analysis it shows that the Coca-Cola products (Coke, Fanta, and Sprite) have a combined market share of more than 62% of the Kathmandu Valley cold drinks market.

Table: 4.2

Consumer prefer factor that influences to have Cold drinks.

Factor rank	1st	2nd	3rd	4th	5th	6th	7th	8th	Total
Availability	6	11	20	19	23	12	5	4	100
Advertisement	6	7	16	14	21	20	10	6	100
Sales Scheme	1	1	4	15	14	30	32	3	100
Price	4	11	18	21	11	11	20	4	100
Quality	48	19	12	5	5	5	5	1	100
Taste	23	44	17	9	2	3	1	1	100
Brand	11	6	12	14	20	16	16	5	100
Other	1	1	1	3	4	3	11	76	100

In table 4.2, different factors influencing consumption of cold drinks have been ranked. According to consumer's choice, consumers have ranked the quality of cold drinks as the most important factor (48 first rank and 19 second rank) followed by taste (23 first rank and 44 second rank), the brand is third position with (11 first rank and 6 second rank). Similarly availability is in fourth position, advertisement is in the fifth position, price in the sixth position and sales scheme and other are in same position. This indication that consumers give higher preference to the quality, taste and brand name in the choice of cold drinks. Moderate level of preference to availability advertisement and price factor and lower preference to the sales scheme and other factors.

Table: 4.3

Reasons for having Cola-based cold drink (Coke/Pepsi)

Reasons	Coke		Pepsi	
	No. of respondents	Percentage	No. of respondents	Percentage
Brand Name	12	12%	12	12%
Taste	24	24%	8	8%
Easy availability	5	5%	11	11%
Freshness	5	5%	8	8%
Quenching the thirst	32	32%	36	36%
Price	6	6%	13	13%
Quality	14	14%	5	5%
Others	2	2%	7	7%
Total	100	100%	100	100%

Table 4.3 presents the reasons for consumption cola-based particularly Coke and Pepsi. The analysis shows that 32% of respondents have Coke because of quenching the thirst, 12% because of brand, 24% because of taste, 5% because of its available everywhere, 5% for freshness, 6% for Price, 14% because of quality and 2% of respondents because of others.

Similarly, 36% of respondent have Pepsi for quenching their thirst, 12% have because of brand, 8% have because of taste, 11% of its available everywhere,, 8% for freshness, 13% for Price, 5% have because of quality and 9% have chosen Pepsi for others reason. From the above survey, it may be concluded that quenching thirst stands the first reason for having Coke and Pepsi cola. While taste and quality are second and third reasons for having Coca-Cola and Price and availability are second and third reasons for having Pepsi Cola.

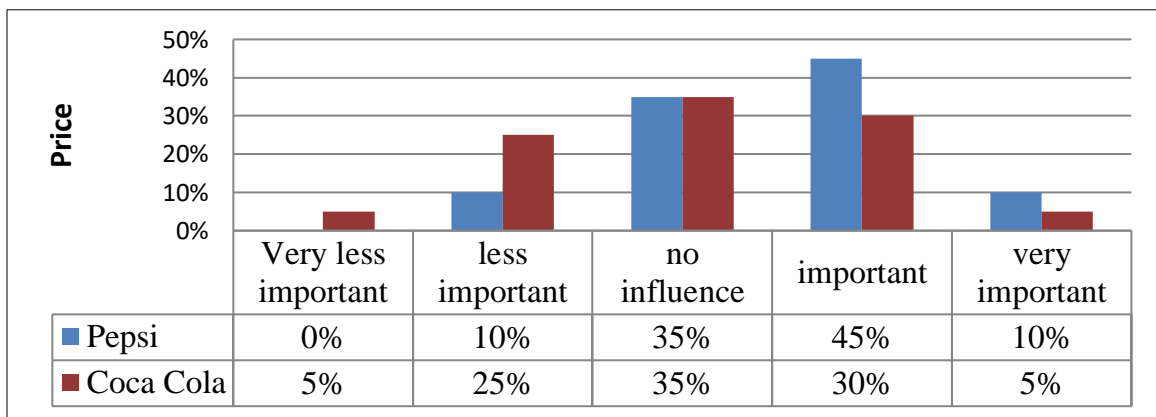
Table: 4.4

Price factor – Consumer choose their preferred brand

Price	No. of respondent		Percentage	
	Pepsi	Coca Cola	Pepsi	Coca cola
Very less Important	0	5	0%	5%
Less Important	10	25	10%	25%
No Influence	35	35	35%	35%
Important	45	30	45%	30%
Very Important	10	5	10%	05%
Total	100	100	100%	100%

Figure: 4.1

Price factor – Consumer choose their preferred brand



As shown in figure 4.1, Price factor – Consumer choose their preferred brand, 5% of respondents say that the very less important to choosing the best brand of Coca Cola drinks . While 25% of respondents are found less important to changing price for consume coca cola. 30% respondents is important price factor for choose their preferred brand. 5% of respondents say that price factor very important for consumer to choose their brand.

Similarly, 10% of respondents say that the less important to choosing the best brand of Pepsi Co. drinks. While 45% of respondents are found to be important to changing price for consuming Pepsi Co. 10% of respondents are found to be important for price factor of brand preference. On the basis of the data presented above, most of the respondents have price factor also depends on the consumer usage pattern of soft drinks Coca Cola and Pepsi Cola.

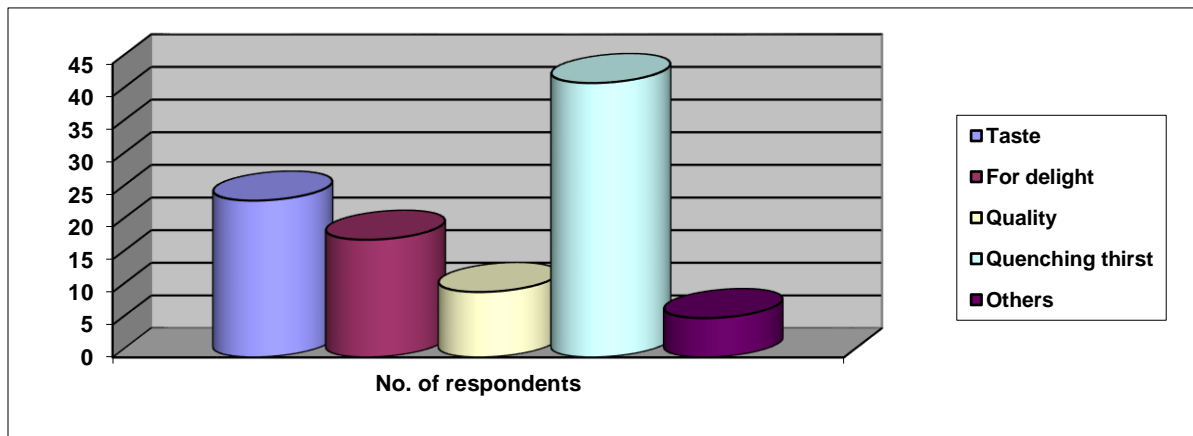
Table: 4.5

Reasons for having cold drinks (Status and Attitude)

Options	No. of respondents	Percentage
Taste	24	24%
For delight quality	18	18%
Quality	10	10%
Quenching thirst	42	42%
Others	6	6%
Total	100	100%

Figure 4.2

Reasons for having cold drinks (Status and Attitude)



As shown in table 4.2, 42% of respondents say that the best reason for having cold drinks is quenching the thirst. While 18% of respondents are found to consume cold drinks for

delight, 24% respondents for the taste, 10% for the quality and 6% respondents includes for other interests and hobby. On the basis of the data presented above most of the respondent have common need of soft drinks to meet their thirst need and second is for their taste in comparison with other reasons for having drinks.

Table: 4.6

Size (ml or liter) of Coke and Pepsi most preferred

Size	No. of respondent	Percentage
200ml	46	46%
250ml	32	32%
500ml	4	4%
1 liter	10	10%
1.5 liter	8	8%
Total	100	100%

As shown in table 4.6, the most preferred size is 200ml bottles (46%), followed by 250ml (32%), 1 liter bottles (10%) and 1.5 liter bottles (8%) while 500ml bottle is the least preferred one. The above figure shows that small size is more popular among the respondent as it is easy to serve and more convenience than other size.

Table: 4.7

Media exposure of Coke and Pepsi along with Sprite and Slice

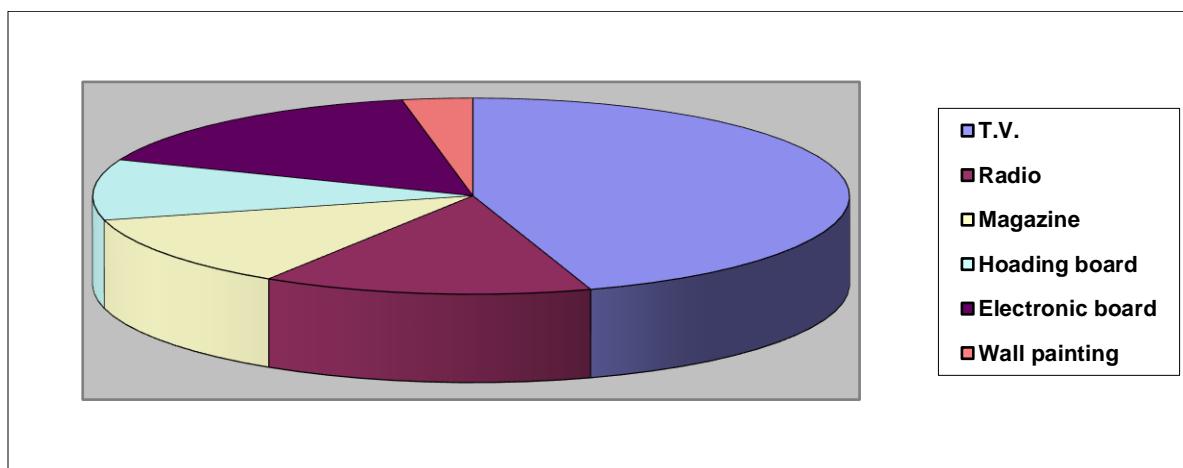
Media	No. of respondents							
	Coke	%	Pepsi	%	Sprite	%	Slice	%
Magazine	28	28%	15	15%	23	23%	19	19%
Radio	25	25%	27	27%	29	29%	26	26%
T.V.	47	47%	58	58%	48	48%	55	55%
Total	100	100%	100	100%	100	100%	100	100%

From the table 4.7, it has been found that consumers have more exposure of cold drink advertisements through the television as figure for Coke, Pepsi, Sprite and Slice are 47%, 58%, 48% and 55% respectively. Ratio also provides the second most important for Pepsi and magazine provides second most important exposure for the coke. From the above table it can be conclude that television is the most effective media for the advertisement among the public than any other media like radio and magazine.

Table: 4.8
The most effective advertising media

Media	No. of respondents	Percentage
T.V.	45	45%
Radio	14	14%
Magazine	12	12%
Hoarding board	10	10%
Electronic board	16	16%
Wall painting	3	3%
Total	100	100%

Figure 4.3
The most effective advertising media



Consumers' protection of the most effective media is presented in table 4.8. The table indicated that consumer's feel that the TV is the most effective media (45%), followed by radio (14%), electronic board (16%), magazine (12%), hoarding board (10%) and wall painting (3%). The surveys show that even though the exposure of cold drink advertisement through the radio is found to be low, yet consumers feel that it is an effective medium for advertisement of cold drink after the TV.

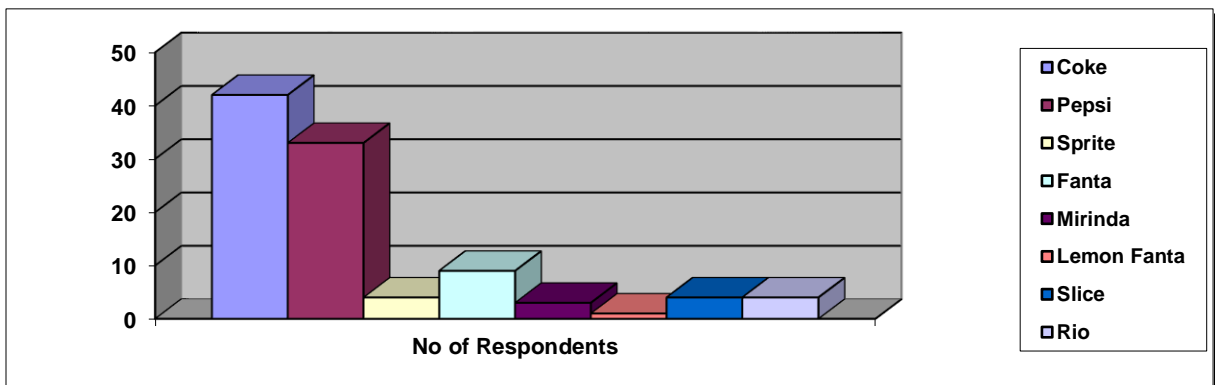
Table: 4.9

Brand advertisement most recalled

Brand	No. of respondents	Percentage
Coke	42	42%
Pepsi	33	33%
Sprite	4	4%
Fanta	9	9%
Mirinda	3	3%
Leman Fanta	1	1%
Slice	4	4%
Rio	4	4%
Total	100	100%

Figure 4.4

Brand advertisement most recalled

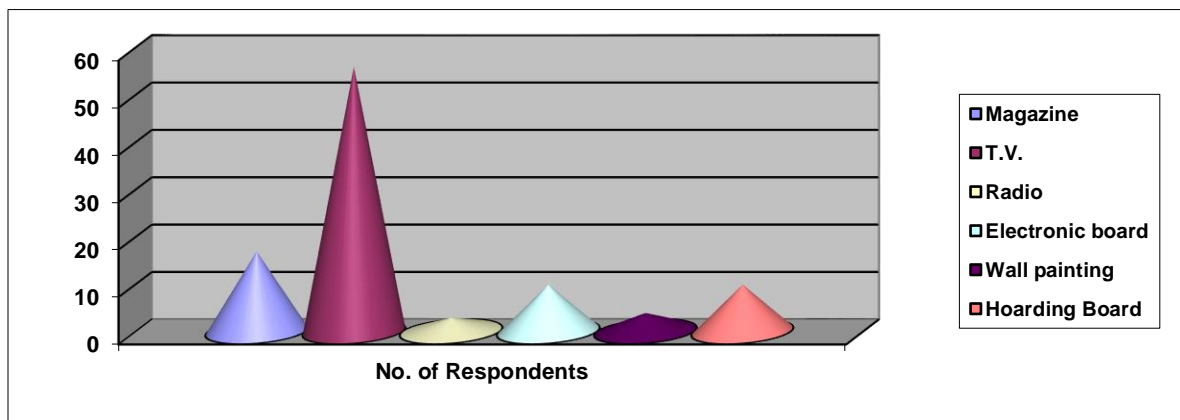


As shown in table 4.9, 42% of respondents remember advertisement of Coke, 33% remember advertisement of Pepsi, 9% remember advertisements of Fanta, 4% remember advertisements of Slice, 4% remember advertisements of Sprite and Rio, 3% remember advertisements of Mirinda and 1% remembers advertisement of Leman Fanta. From the above analysis, it can be inferred that Coke advertisements have been very effective with a very high recall value.

Table: 4.10
Advertising media having most recall

Media	No. of respondents	Percentage
Magazine	17	17%
T.V.	56	56%
Radio	3	3%
Electronic board	10	10%
Wall painting	4	4%
Hoarding Board	10	10%
Total	100	100%

Figure 4.5
Advertising media having most recall



As shown in table 4.10, it can be seen that 56% of respondents remember T.V. advertisement, while 17% of respondents remember advertising in magazine, 10% of

respondents remember advertisement in electronic board, 10% and 3% of respondents remember advertisement in radio and wall painting respectively and 10% of respondents remember advertisement Hoarding Board. From the above survey it proves that T.V. is the most attractive and strong media and Radio is the weakest media of advertisement for cold drink in Kathmandu Valley area.

Table: 4.11

Buying action after exposure to advertisement

Option	No. of respondents	Percentage
Recently	4	4%
After seeing two times	8	8%
After add information	15	15%
Not consulted	26	26%
When it need	47	47%
Total	100	100%

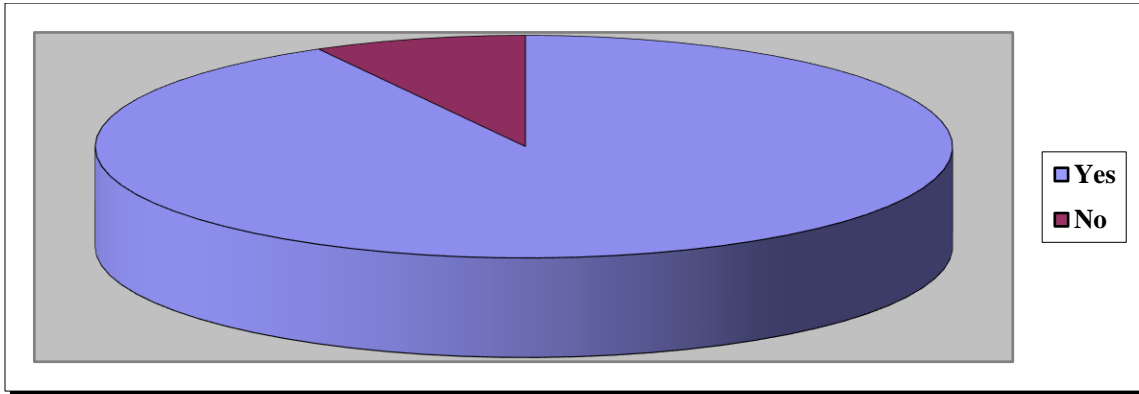
As shown in table 4.11, it can be seen that the advertisements have very little effects as 47% of respondents are found to buy cold drink when they need, while 26% respondents found that they buy cold drink without consulting any advertisements, 15%, 8% and 4% of respondents found that they buy cold drink after additional information, after seeing one or two times and recently. It proves that nobody can change human preferences.

Table: 4.12

Influence by the advertisement

Option	No. of respondents	Percentage
Yes	92	92%
No	8	8%
Total	100	100%

Figure 4.6
Influence by the advertisement



As shown in table 4.12, 92% consumers replied that they were fully influenced by the advertisement while 8% consumers replied that they were not influenced by the advertisement. From the analysis of table 4.11 and 4.12, it should be inferred that although consumers buy cold drink when the need arises, advertisements have played a very strong role in the choice of cold drink brand.

Table: 4.13
Frequency of purchase of cold drink

Option	No. of respondents	Percentage
Once a day	28	28%
Twice a day	9	9%
Once a week	17	17%
Twice a week	24	24%
Whenever they like	22	22%
Total	100	100%

Table 4.13 shows the frequency of having cold drinks of the consumers, where 28% of consumers are found to have cold drink once a day. 9% of consumers have twice a day, 17% of consumers have cold drink once a week, 24% of consumers have cold drink twice

a week and 22% of consumers have cold drinks whenever they like to have. From the table it can be inferred that the frequency of consumption of cold drink is quite high in Kathmandu Valley.

Table: 4.14

Advertisement liked most by respondents

Options	No. of respondents	Percentage
Foreign advertisement	23	23%
Nepali model advertisement	41	41%
Nepali folksong advertisement	31	31%
Cartoon picture advertisement	5	5%
Total	100	100%

Figure: 4.7

Advertisement liked most by respondent consumer.

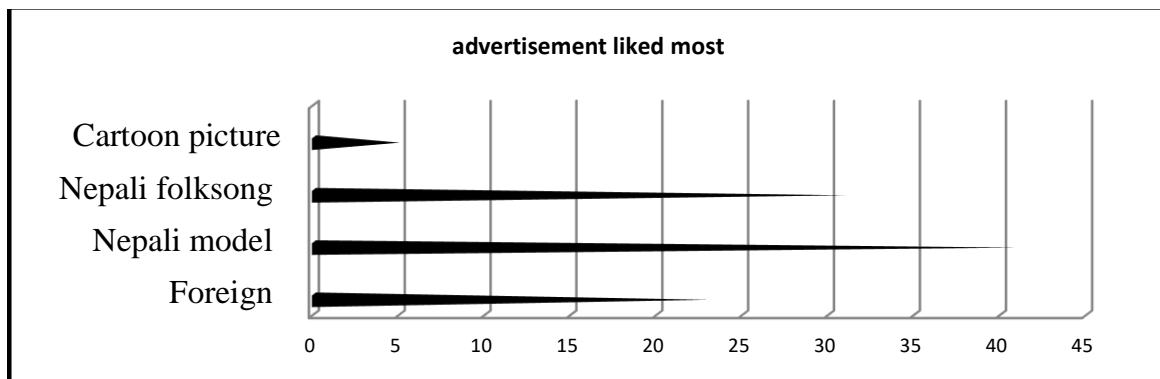


Table 4.14 shows that 41% of the respondents like advertisement based on the Nepali model advertisement, while 31% of respondents like Nepali folksong advertisement, 23% of respondents like foreign advertisement and 5% of respondents like cartoon picture advertisements. From the analysis it may be inferred that the cold drink users primarily like advertisement with Nepali model while there are sufficient number of respondents who like other forms of advertisements.

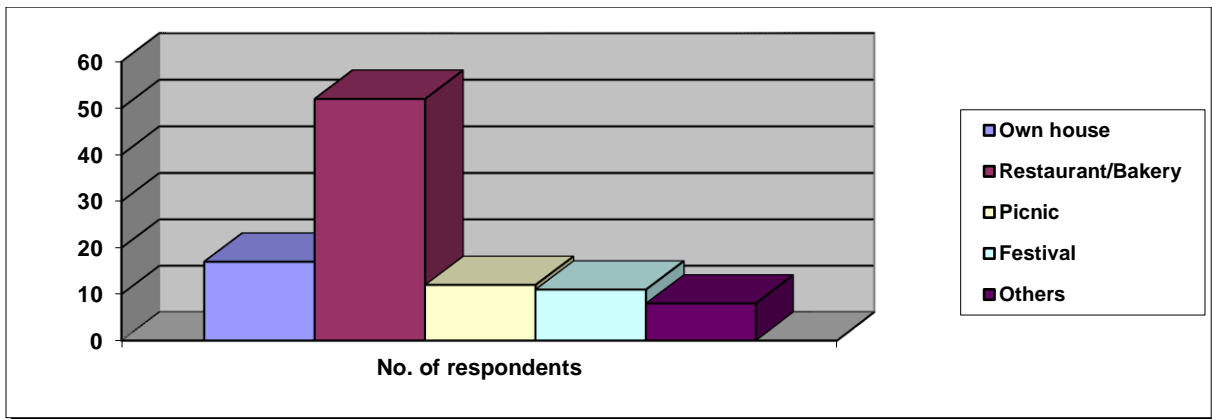
Table: 4.15

Suitable place for having Coke and Pepsi (Status)

Option	No. of respondents	Percentage
Own house	17	17%
Restaurant/Bakery	52	52%
Picnic	12	12%
Festival	11	11%
Others	8	8%
Total	100	100%

Figure 4.8

Suitable place for having Coke and Pepsi (Status)



As shown in table 4.15, that the most suitable place for having cold drinks is restaurant/bakery which is the 52% of the total respondents. While 17% of the respondents consume Coke and Pepsi in own house. 12% of respondent consume on picnic and 11% and 8% of respondent consume cold drink in festival and others respectively. The above figure shows that most of people like to have soft drinks in restaurant and bakery and second choice is at home with other family members in comparison with other spots.

4.2 RETAILER SURVEY

Table: 4.16

Most brand availability in the retail outlets

Brand	No. of respondent	Percentage
Coke	33	55%
Pepsi	24	40%
Frooti	6	10%
Rio & others	3	5%
Total	60	100%

Figure: 4.9

Brand availability in the retail outlets

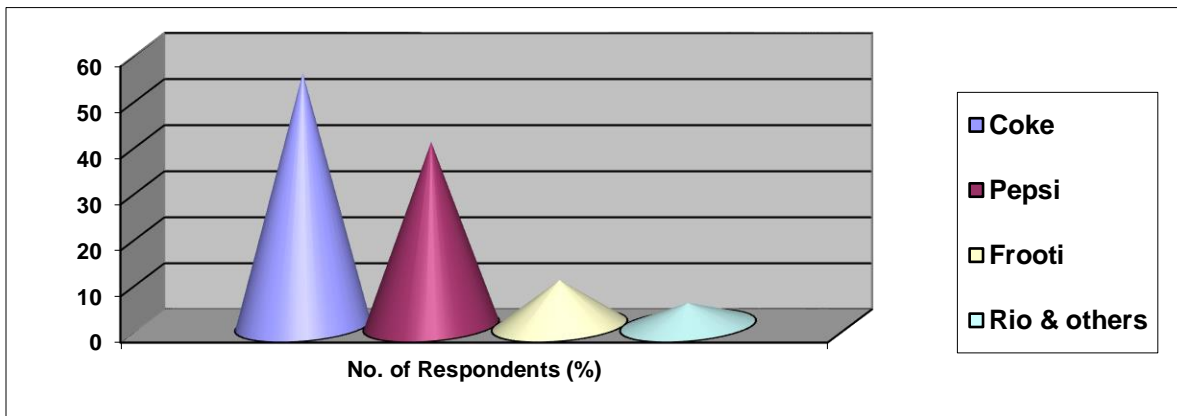


Table 4.16 presents the brand availability in the retail outlets in the Kathmandu Valley. The survey showed that availability of Coca-Cola products (Coke, Fanta, Sprite and Lemon Fanta) is generally higher than the Pepsi products (Pepsi, slice, mountain dew, Mirinda). Frooti is also found to be very strong in terms of availability in the retail stores of the study area. Now a day's selling frequency of Rio & others are decreasing day by day in our market.

Table: 4.17

Retail sales of cold drink per day

Crates	No of respondent	Percentage
½ Crates	10	16.67%
1 Crates	22	36.66%
2 Crates	13	21.67%
5 Crates	8	13.33%
Other	7	11.67%
Total	60	100%

Figure 4.10

Retail sales of cold drink per day

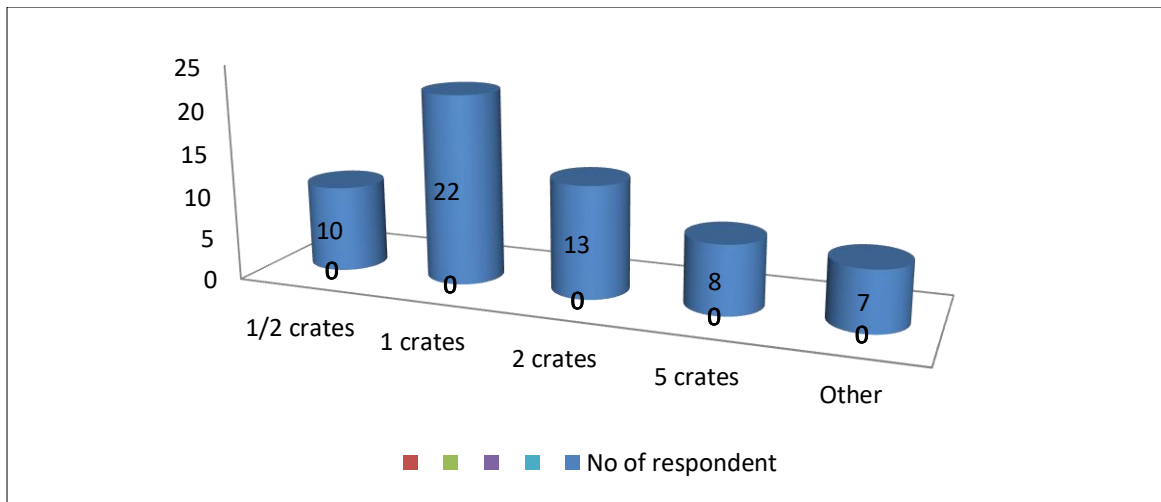


Table 4.17, Out of 60 retailers 36.66% of retailers sells one crates of cold drink in a day, where as 21.67% of retailers sell two crates of cold drink in a day, 16.67% of retailers sell half crates of cold drink in a day and 13.33% of retailers sell five crates cold drink in a day, From the above table it may be inferred that the retail sales per store is generally between one to two crates of cold drink a day.

Table: 4.18

Retail more sales Brand of Coca cola and Pepsi Cola

Brand	No of respondent	Percentage
Coke	14	23%
Pepsi	12	20%
Sprite	10	17%
Mountain Dew	6	10%
Fanta	10	17%
slice	8	13%
Total	60	100%

As shown in table 4.18, Coke is at the top position among the brands as 23% of the retailers opined it as the most selling brand and followed by Pepsi, Sprite, Mountain Dew, Fanta and Slice with 20%, 17%, 10%, 17% and 13% respectively. From the above data we can say that coke is the most popular brand Fanta and Pepsi are at second and third position respectively in compare with other brands.

Table: 4.19

Size of bottles sold most

Size (ml/liter)	No. of respondent	Percentage
200ml	9	15%
250ml	36	60%
500ml	3	5%
1 liter	6	10%
1.5 liter	6	10%
Total	60	100%

As shown in table 4.19, 60% of the retailers opined that 250ml. Bottle have the highest sales. Whereas 15% of retailers sale 200ml, 5%, 10% and 10% of retailers sale 500ml, 1 liter, and 1.5 liter respectively. From the above table we can say that most popular size is 250ml among the respondents because it more easy to serve and more convenience to

handle than other big ones. Sale of 1.5 liter is less because it mostly used during the parties with family member or friends. Now a day during the big functions such as marriage large size is more popular because it is more convenience to serve in glass and is also cost effective.

Table: 4.20

Packaging preferred for selling bottle Vs. can

Options	No of respondent	Percentage
Can	15	25%
Bottle	45	75%
Total	60	100%

As shown in table 4.20, 75% of retailers opined that it is easy to sell cold drink in bottles. Only 25% of the retailers are found to say it easy to sell cold drinks in cans. The above table proves that it is easy to sell the cold drinks in bottles for the retailers. Can is more popular in tourist area because they are easy to carry by the tourist and they can enjoy their tour with their favorite drinks without sitting at single shop or place.

Table: 4.21

Frequency of company salesmen's visit to the shop

Option	Coke	%	Pepsi	%	Frooti	%	Rio	%
Daily	18	30%	33	55%	15	25%	30	50%
Once a week	30	50%	20	30%	33	55%	15	25%
Twice a week	9	15%	6	10%	9	15%	3	5%
Other	3	5%	3	5%	3	5%	12	20%
Total	60	100%	60	100%	60	100%	60	100%

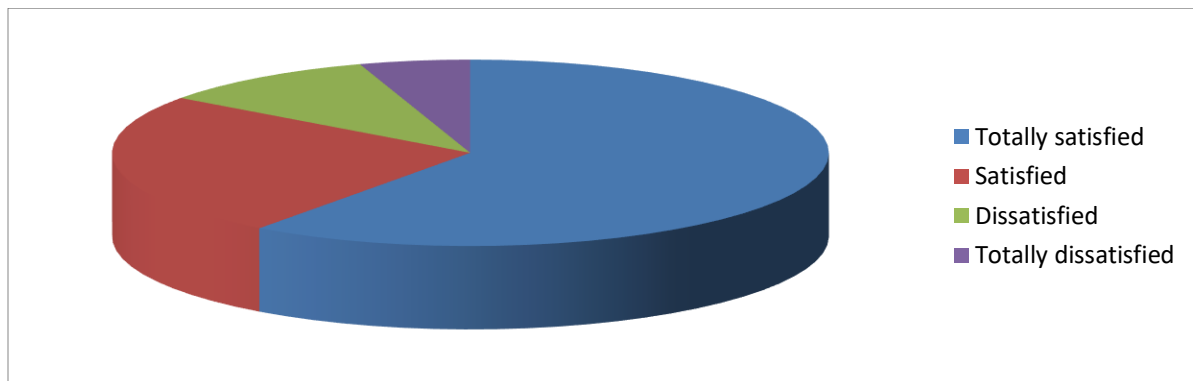
The table 4.21 indicates that 50% of salesmen of Coke visit retail shop in once a week whereas 30% of salesmen visit retail shop in daily, 15% of salesmen visit retail shop once a week. Similarly 30% of salesmen of Pepsi visit the retail shop once a week, 55% do it

daily and 10% visit the shop twice a week. The table above shows the more effective marketing strategies of Coke and Pepsi in Kathmandu Valley, as compared to other cold drinks.

Table: 4.22
Retailers' Satisfaction level from the distribution

Option	No of respondent	Percentage
Totally satisfied	36	60%
Satisfied	15	25%
Dissatisfied	6	10%
Totally dissatisfied	3	5%
Total	60	100%

Figure 4.11
Retailers' Satisfaction level from the distribution



As presented in table 4.22, 60% of retailers are totally satisfied by the current distribution way. Whereas 25% are only satisfied, 10% are dissatisfied and 5% are totally dissatisfied. The analysis indicates that the retailers in general are satisfied from the performance of the distributors of Coke & Pepsi in Kathmandu Valley.

Table: 4.23

Retailers’ reactions in distribution channel of different brands

Option	Coke	%	Pepsi	%	Frooti	%	Rio	%
Very good	33	55%	21	35%	15	25%	30	50%
Good	15	25%	30	50%	33	55%	15	25%
Not bad	9	15%	6	10%	9	15%	3	5%
Bad	3	5%	3	5%	3	5%	12	20%
Total	60	100%	60	100%	60	100%	60	100%

Table 4.23 shows that 50% of the retailers feels that the Rio product company’s distribution channels is very good, while 55% of the retailers feel that the Coca-Cola Company’s distribution channel is only good. Likewise 50% and 25% of the retailers feel that Pepsi and Frooti Company’s distribution channel are good.

Similarly, 2%, 8%, 6% and 6% of the retailers feel that the Coke, Pepsi, Frooti and Rio Company’s distribution channels is bad. It proves that the condition of distribution channel will be working hard to reach retailers to give many returns.

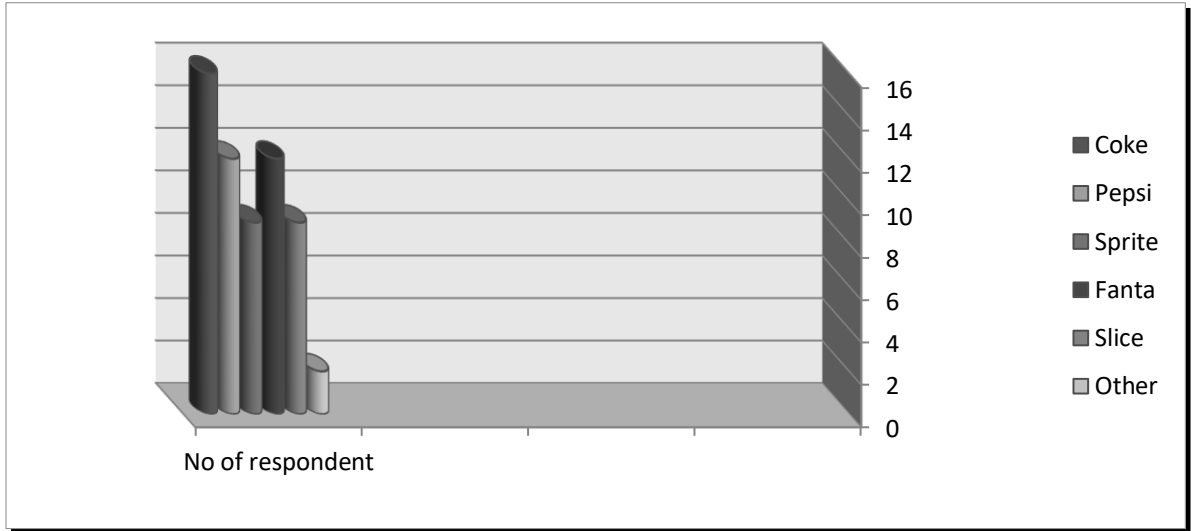
Table: 4.24

Brand preference to sell by retailers

Brand	No. of respondent	Percentage
Coke	16	26.67%
Pepsi	12	20%
Sprite	9	15%
Fanta	12	20%
Slice	9	15%
Other	2	3.33%
Total	60	100%

Figure 4.12

Brand preference to sell by retailers



As presented in table 4.24, 26.67% of the retailers are found to prefer to sell coke because of its high demand in the market. While 20% of the retailers prefer to sell Fanta, 3.33% are preferred to other brands cold drinks, 20% are preferred to sell Pepsi and 15% are preferred to sell Sprite and slice.

Table: 4.25

Consumers' preferred for complementary brand Products.

Desired Brand	In case of Shortage
Coke	Sprite, Pepsi, Mountain Dew
Pepsi	Sprite, Coke
Fanta	Mirinda, Frooti
Slice	Rio, Mango Juice
Sprite	Pepsi
Mountain Dew	Sprite, Coke

According to this survey the soft drink consumers would like most to purchase in case of shortages of their desired brand is Coca-Cola. Respondents who like as a desired brand, in case of shortage Coke they like to purchase Sprite and other brands Pepsi or Mountain

dew which one is available. In case of shortage Pepsi, the respondent who loves Pepsi brand soft drinks most. Who likes Slice as a desired brand, in case of shortage they want to buy Rio or any other mango juice which one is available.

Table: 4.26

Retailers' Reasons for preference to sell the brand

Reason	No. of respondent	Percentage
Cash prize	6	10%
Get scheme	15	25%
Believe in the brand	18	30%
Consumer like brand	18	30%
Other reasons	3	5%
Total	60	100%

As shown in table 4.26, 30% of the retailers like to sell mainly because the consumers like that brand and similarly 30% of the retailers' preference to sell because of they believe in the brand, 6% of the retailers' preference to sell because of cash prize and other reasons respectively.

Table: 4.27

Advertising influences on sales of cold drinks

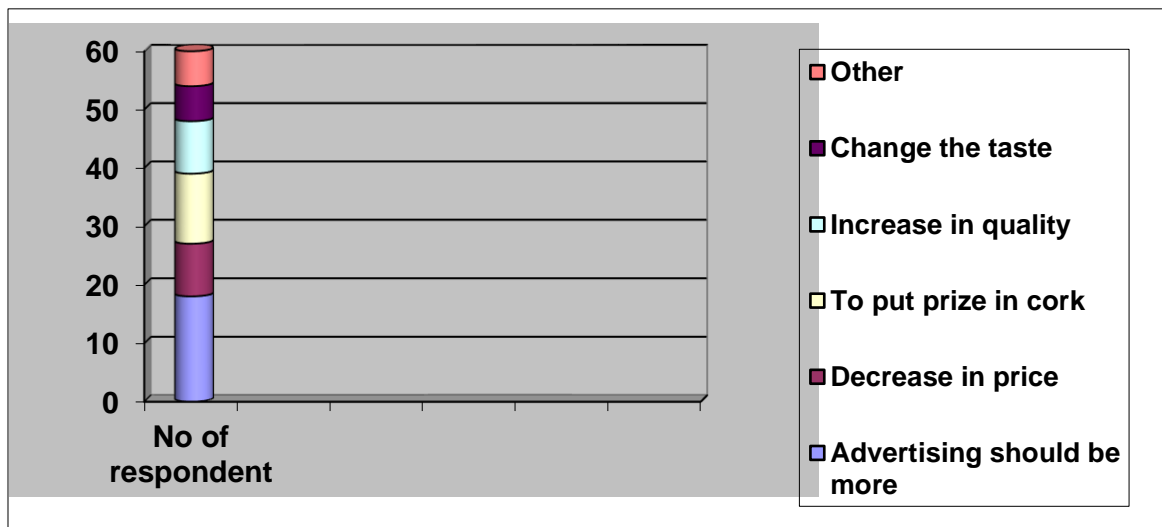
Option	No of respondent	Percentage
Coke	30	50%
Pepsi	12	20%
Sprite	3	5%
Fanta	6	10%
Slice	3	5%
Other	6	10%
Total	60	100%

Table 4.27 shows that retailers have high faith in the Coke advertisement as 50% of them feel that the advertisement of Coke has influenced its sales, while this figure for Pepsi is only 20%. Retailers' feelings towards the influence of Fanta advertisement on its sales is 10%, for other type of brand is 10%, for Sprite is 5% and for Slice is 5%.

Table: 4.28
Factors for increase in sales of Coke and Pepsi

Option	No of respondent	Percentage
More advertising	18	30%
Decrease in price	9	15%
To put prize	12	20%
Increase in quality	9	15%
Change the taste	6	10%
Others	6	10%
Total	60	100%

Figure 4.13
Factors for increase in sales of Coke and Pepsi



According to table 4.28, 30% of retailers claim that the advertising is the best factor to increase in sales of Coke & Pepsi where as 15% of the retailers claim to increase quality

to increase in sales of Coke & Pepsi in Kathmandu Valley. 20% of retailers suggest to put prize in cork to increase in sales of cold drinks, 10% of the retailers say to other reasons to increase the sales of cold drinks, 15% of the retailers also say to decrease in price to increase in sales of cold drinks and only 10% of the retailers claim to change the taste to increase in sales of Coke & Pepsi in the Kathmandu Valley.

Table: 4.29

Type of promotion scheme provided by the company

Options	No of respondent	Percentage
Cash discount	18	30%
Cold drink discount	9	15%
Fridge	24	40%
Prizes	6	10%
Other	3	5%
Total	60	100%

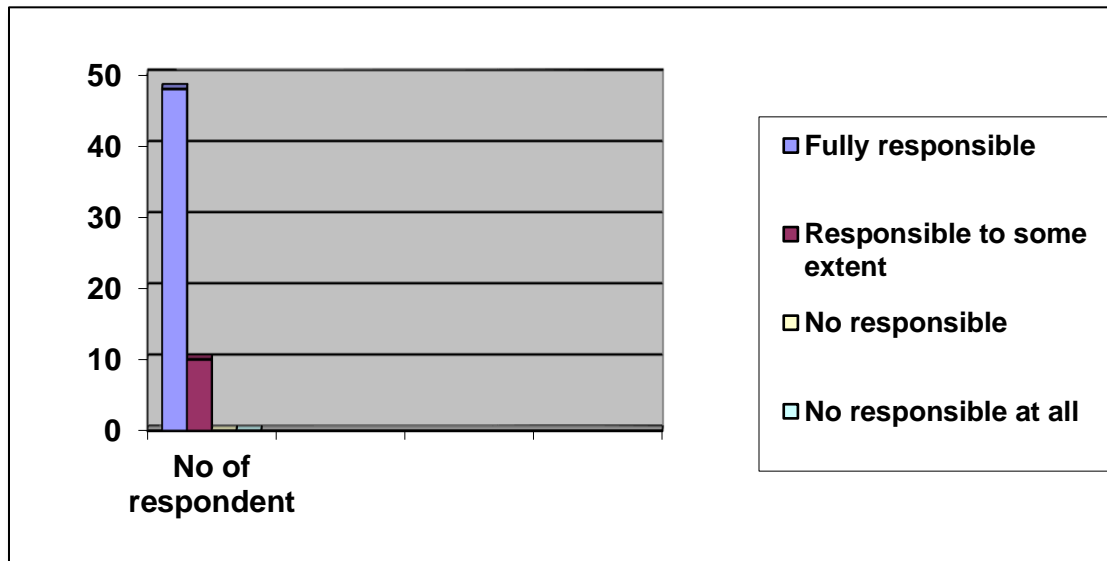
As presented in table 4.29, 40% of the retailers want to take fridge as a promotion scheme, whereas 30% of the retailers want to receive cash discount as promotion scheme, 15% of the retailers want to receive cold drink discount as promotion scheme, 12% of the retailers want to receive prizes as promotion scheme.

Table: 4.30

Influence of advertising on sales

Options	No of respondent	Percentage
Fully responsible	48	80%
Responsible to some extent	12	20%
Not responsible	0	0
Not responsible at all	0	0
Total	60	100%

Figure 4.14
Influence of advertising on sales



The table 4.30 reveals the retailers have high faith on advertising effect on sales as 80% of them opined that the advertisement is fully responsible for the sales of the brand. While 20% of the retailers opined as it is partly responsible for the sale of brand. It indicates that there is a vital role of advertisement to influence sales of any type of brand.

4.3 Major findings of the study

On the basis of above analysis of the data, some major findings have been summed up as follows:-

Based on Consumer survey

1. Consumer prefer usage trend and their favorite brand, as the analysis of table no. 4.1 suggests, the choice for Coke is far more than to any other brands of cold drinks available survey time in the market. Consumer prefer towards coca cola is more positive than to other brands so that market position of Coke is dominating

here and it has about 62% of the cold drink market and it is the is the number one choice while Pepsi holds the second position.

2. According to consumer survey, second finding hints at consumer's first preference to quality, taste and brand name and only the moderate level of preference to availability, advertisement and price. Another finding table 4.3 shows that reasons for having cola-based drinks it may be concluded that quenching thirst stands the first reason for having Coke and Pepsi cola. While taste and quality are second and third reasons for having Coca-Cola and Price and availability are second and third reasons for having Pepsi Cola. Table 4.3 price factor also depend on the consumer usage pattern of soft drinks Coca Cola and Pepsi cola.
3. Reasons to drink. Table no 4.5 exposes status (image) of cold drinks in people's mind. Similarly, 42% of the respondents pinpoint the reasons to have cold drinks for quenching the thirst. On the basis of the another data presented above most of the respondent have common need of soft drinks to meet their thirst need and second is for their taste in comparison with other reasons for having drinks.
4. The respondent as it is easy to serve and more convenience than other size. People enjoy large size or family pack during the party at home or at any other place with friends because it is cost effective and easy to carry single bottle than many small ones. From the table 4.7, it has been found that consumers have more exposure of cold drink advertisements through the television as figure for Coke, Pepsi, Sprite and Slice are 47%, 58%, 48% and 55% respectively. Radio also provides the second most important for Pepsi and magazine provides second most important exposure for the coke. From the above table it can be conclude that television is the most effective media for the advertisement among the public than any other media like radio and magazine
5. It is interesting enough to find all respondents recalling the advertisement of the cold drink. It is studied that Coke & Pepsi advertisements have much higher level of exposure as well as a very high recall value. The study found that 42% of respondents remember advertisement of Coke, while 33% of the respondents remember advertisement of Pepsi, 9% remember Fanta, 4% remember Sprite, 4%

- remember Slice and Rio, where as 3% and 1% of the respondents remember Mirinda and Lemon Fanta respectively. From the above analysis, it may be inferred that Coke advertisements have been very effective with a very high recall value; Of course, the second priority is occupied by Pepsi.
6. It has been found that consumers have more exposure of Coke & Pepsi through the television. Its figure stands as 45 %. Naturally it most effective media for advertisement, the second media of exposure is electronic board (16%) which is far below the first one. The strength of the other media is radio (14%). Surprisingly, even the exposure of the Coke & Pepsi through radio is very low. It needs to be promoted the exposure of advertisement for Coke & Pepsi in an under developing country like Nepal.
 7. Table 4.14 shows that 41% of the respondents like advertisement based on the Nepali model advertisement, while 31% of respondents like Nepali folksong advertisement, 23% of respondents like foreign advertisement and 5% of respondents like cartoon picture advertisements. From the analysis it may be inferred that the cold drink users primarily like advertisement with Nepali model while there are sufficient number of respondents who like other forms of advertisements.
 8. The advertisements have very little action effects as 47% of respondents are found to buy cold drinks when they needed. While 26% of respondents found that they buy cold drinks without consulting any advertisements. Only 4% of respondents are found to buy cold drinks recently after exposure to an advertisement and additional 15% after a few exposures. However, most of the consumers replied that they have fully influenced by the advertisements. While marginal number of consumers replied that that they were not influenced by the advertisements. From this, is should be inferred that though consumers buy cold drinks when the need arises, advertisements have played a very strong role in the choice of cold drink brand.
 9. Finding Frequency of purchase of cold drinks of the consumer, where 28% of consumers are found to have cold drinks once a day, 22% of consumers have cold

drinks whenever they like to have, 24% of consumers have cold drinks twice a week, 17% of consumers have once a week and only 9% of consumers have twice a day. From this, it can be inferred that the frequency of consumption of cold drinks is quite high in Kathmandu Valley.

Based on Retailers survey

10. Table 4.16, presents the brand availability in the retail outlets in the Kathmandu Valley. The survey showed that availability of Coca-Cola products (Coke, Fanta, Sprite and Lemon Fanta) is generally higher than the Pepsi products (Pepsi, slice, mountain dew, Mirinda). Frooti is also found to be very strong in terms of availability in the retail stores of the study area.
11. Out of 60 retailers, 20% sell one crates of cold drink in a day, 21.67% sell two crates of cold drinks in a day, 10% sell half and other crates of cold drinks in a day and only 8% sell five crates of cold drinks in a day. From this, it may be inferred that the retail sales per store is generally between one to two crates of cold drinks in a day.
12. Table 3.7 shows that majority of the retailers doing the Retail Shop cold drinks business is 40 %, similarly 25% of the Café, 20% of the Canteen and 15% of the Hotel. Another table, 40% of the retailers who are doing soft drink business are having an experience of 5 -10 years and next 30 % retailers have an experience of 10-15 years. Less than 5 years and above 15 years are equal to 15 %.
13. The study found that 45 % of respondents said Coca cola is most fast moving drink in their retail outlets, 30 % Pepsi the next fast moving drink.15% next one is Slice and the last one is Sprite is around 10%. It shows that Coca Cola is the fastest moving drink among others. Another table it was found that 85 % of the respondents rated that coca cola products is having reasonable price. 15% respondent opinions that the price should be raised as it seem very low. No one has perception regarding the high price of Pepsi and Coca Cola Products.
14. The study found that 60% of the retailers are totally satisfied with the present distribution channels, 25% of the retailers are satisfied, while 10% of retailers are

- dissatisfied and only 5% of the retailers are totally dissatisfied. The analysis indicates that the retailers in general are satisfied with distribution channel and marketers. From the performance of the distribution of Coke and Pepsi in Kathmandu Valley, 55% of the retailers feel that the Coca-Cola company's distribution channel is good.
15. According to this survey the soft drink consumers would like most to purchase in case of shortages of their desired brand is Coca-Cola. Respondents who like as a desired brand, in case of shortage Coke they like to purchase Sprite and other brands Pepsi or Mountain dew which one is available. In case of shortage Pepsi, the respondent who loves Pepsi brand soft drinks most. Who likes Slice as a desired brand, in case of shortage they want to buy Rio or any other mango juice which one is available.
 16. In the study 61.67% of the retailers are found to prefer to sell Coca cola because of its high demand in the market. While 35% of the retailers prefer to sell Pepsi, 3.33% of the retailers prefer to sell other types of cold drinks. 12 of the retailers prefer to sell Fanta, 4% of the retailers prefer to sell Sprite and Mirinda respectively. Similarly, 36% of the retailers like to sell cold drinks brands mainly because the consumers like the drinks while 28% of the retailers like to sell because they believed in the brand, 18% of retailers like to sell because the company provides them with sales schemes 8% of the retailer like to sell because the company provides cash prizes and 10% for other reasons respectively.
 17. The study reveals that the retailers have high faith advertising for its effect on sales as 80% of them opined that the advertisement is fully responsible for the sale of brand. So the study indicates that most of the retailers feel that the advertisement is responsible for the sales of the brand.

CHAPTER-5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

These days, there has been a rapid increase in the number of industries in Nepal and they are developing with equal strength. Every year new fields of industrial importance are being discovered. Consequently, the number of units at different type of industries is also increasing in the country. Today, a product not only needs quality enhancement, but also better promotion and presentation in the market. The product should be presented at right time at suitable place with good brand promotion, label and package. Every product needs to meet the need and satisfaction of consumers to get success in the market. The developing of the marketing makes possible economic integration and the perfect utilization of whatever assets and productive capacity that as economy has already possessed. It mobilizes latent economic energy and finally contributes to the greatest needs for the rapid development of entrepreneurs and managers. The rapid urbanization in Nepal has induced a culture of having cold drinks. Moreover, population density has been creating hot climate, which in turn has increased the demand for cold drinks. The variety of cold drink brands sold in the Nepalese market has also increased in recent years. The modern bottled cold drink was first introduced in Nepal in 1976 when Coca-Cola was established, followed by Pepsi in 1986. Since then, several industries have been established in Nepal to meet the ever increasing demand. Thus, the cold drink markets have become very competitive in Nepal and it is essential for every company to set up an effective marketing mechanism to exploit the market potential.

The study is conducted between two global giants Pepsi and Coca Cola. This research papers is basically a comparative study of two well-known competitors' beverages

companies of Nepal which are Pepsi and Coca Cola. The primary aim of this paper is to find out which companies are leading the market. This research required us to conduct the consumer research on why they choose the drink and find out the factors and reasons that influence to choose their preferred drink. The present study aims at over viewing the actual marketing of Coke & Pepsi in Kathmandu Valley. It has been conducted consumers' perception and preference in the purchase of these drinks in the study area and evaluates the distribution network and marketing strategies of Coke & Pepsi companies. It aims to evaluate the impact of advertisement and sales promotion schemes on sales of cold drinks and consumer profile and their preference of Coke & Pepsi in the study area. This study has been conducted through a survey of consumers and retailers. All together 100 consumers and 60 retailers' opinions have been collected by questionnaires.

5.2 Conclusions

After analyzing the research of consumer preference towards Pepsi and Coca Cola, the following conclusions are made:

- The consumers give higher preference to the quality, taste and brand name in the choice of cold drinks moderate level preference to availability, advertisement and price factors and lower level preference to sales scheme and other factors. According to this research 62% prefer to drink Coca Cola out of 100 & 38% prefer Pepsi cola.
- The best reasons for having cold drink is "Quenching the thirst", followed by "For delight ", "For taste", "For quality", and "For their interest and hobby". The most common place for having cold drink by consumer is restaurant and bakery shop followed by consumer their own house, picnics, festival and other places.
- Consumer drinks Cold drinks occasionally and prefers Coca-Cola brand more than others.

- The most preferred size is the 200 ml bottles, followed by 250 ml, 1 liter, 1.5 liter, respectively while 500 ml bottle is the least preferred. Another reason is that coke also acts as refreshments to our sample which influence on them to preferred coke.
- Price is also very important factor that influence to choose their preferred brand.
- Frequency of advertisement is also important factor for coke customer to choose their brand.
- It will be also notice in our study that promotion scheme & discount are also important to purchase their preferred brand.
- Mostly people come to know about their preferred brand through advertisement on TV so people who watch TV are more aware of their preferred cola as compare to other medium of advertisement.
- Availability of convince is also important factor to choose the preferred brand.
- Coca cola customer are think that it is not only used to fill their basic thirst but also for other purposes while Pepsi customer think that there preferred drinks is important because it fill their basic thirst.
- Both brand customer think that manufacture & expire date is very important so that they preferred there cola according to their perspective.
- The Consumer have more exposure of Coke & Pepsi advertisements through the television, magazines provide the second most important exposure while exposure through radio is found to be very low. In term of consumers' perception of the most effective media the television is the most effective media followed by radio, electronic brand, magazines, hoarding board and wall painting. However, consumers feel that it is as effective medium for advertisement of Coke & Pepsi after television and electronic board.
- All respondents are found to recall the advertisements of Coke & Pepsi. This indicates that the Coke & Pepsi advertisements have not only higher level of exposure but also a very high recall value.
- The study showed that television is more attractive media and radio is the weakest media of advertisement for Coke & Pepsi.

- Most of the respondent have common need of soft drinks to meet their thirst need and second is for their taste in comparison with other reasons for having drinks.
- The study also concludes that the advertisements have very little action effects as a large number of respondents are mostly found to buy Coke & Pepsi when they need.
- The study however, showed that although consumers buy these drinks when the need arises, advertisements have played a very strong role in the choice of cold drink brands.
- Consumers are interested in trying other brands as half of the respondents change their brand to find new taste, more than one fourth change their brand when their most preferred brand was not available.
- Cold drinks users primarily like Nepali model advertisements while there are a large number of respondents who like other forms of advertisements also.
- The study showed that availability of Coca- Cola provides (Coke, Fanta, Sprite and lemon Fanta) is generally higher than Pepsi products (Pepsi, Miranda and 7up.) The coke is at the top position among the brands as two third of the retailers opined it as the most selling brand followed by Fanta and Pepsi.
- In the study, most of the retailers opined that 250 ml bottle has the highest sales and that is easy to sell Coke & Pepsi in bottles. The Coca- Cola salesmen visit about half of the retail outlets once a week basis, whereas nearly half of the Pepsi salesmen visit the retail outlets on a daily basis.
- The study indicates that retailers in general are totally satisfied from the performance of the distribution of the Coke & Pepsi in Kathmandu Valley. About 55% of the retailers feel that the Coca- Cola Company's distribution channel is very good. While for Pepsi only 35% of the retailers opined that the company's distribution channel is very good. This indicates that the retailers have much higher level of satisfaction with Coca-Cola's distribution than the distribution of Pepsi.
- The retailers are found to prefer to sell Coke because of its high demand in the Kathmandu Valley market.

- Coca cola is most fast moving drink in their retail outlets and Pepsi is the next fast moving drink.
- More than half of retailers receive sales promotion schemes from the companies in the form of fridge followed by cash discount and cold drink discount.
- However, the Coca-Cola Company not provides any prizes to the retailers as a promotion scheme. More than two-thirds of retailers are brand loyal. The Coca-Cola Company has to provide more sales schemes in future to enhance its sales percentage.

5.3 Recommendations

On the basis of the findings of this study, the following recommendations are suggested to the company of Pepsi and Coca cola in Kathmandu Valley.

- Perform a detail demand survey at regular interval to know about the unique needs and requirements of the customer. As Coca-Cola products (Coke, Fanta, Sprite and Lemon Fanta) have combined share of more than 62% percent of the cold drink market and also has a very aggressive marketing strategy, the Coca-Cola Company has essentially to review and revise its current marketing strategies in Kathmandu Valley.
- For their advertisement they can also introduce a brand ambassador, because most of the consumers remember advertisement because of their brand ambassador. We are already experiencing through different Indian television channels that marketers are hammering sales promotion of Coca-Cola. By doing so, they want to make impression that Coke is equivalent to quenching the thirst and it is the only cold drink in the market.
- As consumers are found to give higher preference to the quality, tastes & brand name, Coke is synonym (choice) of cold drink. The advertisements should also be focused on these important aspects.

- The company should be always in a position to receive continuous feedback and suggestions from its consumers as well as from the market and try to solve it without any delay to establish its own credibility.
- The visibility of any product plays an important role in making the customer aware about it. Since consumers have more exposure of Coke & Pepsi advertisements through the television and magazines, these media should be extensively utilized.
- The company should make hindrance free arrangement for its customers/retailers to make any feedback or suggestions as and when they feel. A strong watch should be kept on distributors also, because in some cases they are found to be cheating the retailers and affecting the goodwill of the brand.
- Both company must be aware of and keep at least the latest knowledge of its primary competitors in market and try to make a perfect anticipated efforts to meet the same. And they should focus to bring some more flavor and variety of schemes rather than repeat same old one. It is always better to be best than being better.
- The consumer preference towards both companies will provide the apparent activities of these multinationals. Their behavior to the Nepali market will also show up their appearance in this market. The understanding of the local culture and their responses in terms of their marketing is most preferable.

BIBLIOGRAPHY

- Agrawal,G.R.(1982), *Marketing for Small Business*, Kathmandu: M.K. Publishers & Distributor.
- Agrawal,G.R (2000), *Marketing Managemant in Nepal*, Kathmandu:M.K. Publishers & Distributor.
- Alderson,Wroe and Green, P.E.(1964), *Planning and Problem Solving in Marketing*, Homewood: Richard D.Irwin Inc.
- Ansary,Adel I (1973), *Social Marketing : The family planning experience*, Jouranal of Marketing, vol.37,pp.3-10.
- Creusen, M. E. H. & Schoormans, J. P. L. (2005), *The different Roles of Product Appearance in consumer choice* , Journal: The Journal of Product Innovation Management, 2005.
- Daver, R.(1977), *Modern Marketing Management*, Design. Psychology & Marketing 16(6):497–522, Bombay: Progressive Corporation Pvt. Ltd.
- Dholakia, Khurana, Bhandari and Jam.(1998), *Marketing Management*, New Delhi: Macmillan India Ltd.
- Victor, B.(1984), *Marketing Management*, USA:Mc Graw Hill Book Company.
- Duglass, J.(1978), *Advertising Today*,Chicago:Science Research Associates.
- Evans, J.and Bermann,B.(1982), *Marketing*, New York: Mcmillan Publication company.
- Garber, L.L. (1995), *The Package Appearance in Choice, Advances in Consumer Research*,
Kardes, F.R. and M. Sujan (eds.): Association for Consumer Research, 22, 653-660.
- Hansen, R. and Cocanougher, A.(2002), *An Application of Marketing Concept in the Public Sector*, Chicago : Chicago American Marketing.
- Hupp, B.W.(1969), *Inventory Policy is a Top Management Responsibility*, New York: Macmillan Company.
- Joshi, S.(2059), *Economy Policy and Analysis*, Kathmandu:Taleju Publication.

Kelly, E.J. and William, L. (1972), *Managerial Marketing*. Homewood: Richard D. Irwin Inc.

Koiralla, K.D. (2057), *Marketing and Management*, Kathmandu: M.K.

Publishers and Distributors.

Kotler, P. (1998), *Marketing Management*, New Delhi: Prentice Hall of India Pvt. Ltd.

Kotler, P. (1991), *Marketing Management Analysis Planning Implementation and Control*, New Delhi: Prentice Hall of India Pvt. Ltd.

Kotler, P. (1973), *The Tasks of Marketing Management*, *Jouranal of Marketing*.

Vol.37.PP. Kotler, P. (1980), *Marketing Management Planning Analysis and Control*, Englewood Cliffs:

NJ Prentice Hall.

Kotler, P. (1999), *Marketing Managemen*, New Delhi: Prentice Hall of India Pvt. Ltd.

Kotler, P and Armstrong, G. (1999), *Principle of Marketing*, New Delhi:

Prentice Hall of India Pvt. Ltd.

Lazer, W. ; Labarbara, P. and Maclacillah, J.S (1990), *Marketing 2000*, Chicago:

American Marketing Association.

Lewis, R.J. (1969), *Strengthening Control of Physical Distribution Cost*. New York:

Macmillan Company.

Mccarthy, E.J. (1996), *Basic Marketing*, Homewood: Irwin Inc.

Peterson, R. (1977), *Marketing: A Contemporaary Introduction*, Weley

Hamilton Publication.

Schnaars, S.P. (1991), *Marketing Strate*, Maxwell: Macmillan Canada Inc.

Terry, G.R. (1977), *Principles of Managemen*, Bombay: Tanaporevala Publication.

Underwood, R. L., Klein, N. M., & Burke, R. B. (2001), *Packaging Communication:*

The Journal of Product and Brand Management.

Wrope, A. (1957), *Marketing Behaviour and Executives Action*, Homewood: Irwin Inc.

Tillman, R and Kirkpatrick, C.A. (1968), *Promotion: Persuasive Communication in Marketing*, Homewood: Richard D. Irwin Inc.

Varada, R.P.R. (1995), *Business of Marketing India*, Delhi: Jaico Publication House.

Zikmund and Damiko, D. (1986), *Marketing*, New York, John Wiley Inc.

Previous Research Works:

Pathak, (1998), *A study of the coffee marketing system in Nepal*, Unpublished
Dissertation

Central Department of Management, Tribhuwan University.

Bhatta, S.C. (1998), *A study of the Sales Promotion and its Effects on Sales in
Kathmandu*,

Unpublished Dissertation, Central Department of Management, Tribhuwan
University.

Thapa, (1999), *A study of the market position of Yum Yum instant noodle with other
brands in Kathmandu valley*, Central Department of Management, Tribhuwan
University.

Adhikari, K.P. (2002), *Impact of Sales Promotion Tools on Sales of Cold Drinks*. A case
study of Cold Drinks Market in Chitwan, Unpublished Dissertation, Tribhuwan
University.

Websites:

www.ccsabco.za.

www2.coca-cola.com.

www.coca-cola.com/citizenship/marketplace-case-study

www.cocacola.nl

www.google.com

www.pepsicola.com

www.mind-advertising.com

<http://www.investorwords.com/1055/consumer.htm>

<http://www.businessdictionary.com>

<http://business.enotes.com>

<http://en.wikipedia.org>

Appendix-2: Questionnaires for retailers and hotels

In course of my study I need of your kind support for collecting information regarding my topic “A STUDY ON CONSUMER PREFERENCE TOWARDS PEPSI AND COCA COLA.” I have made a set of questionnaires for you and kindly request you to fill up them. I assure you that the information provided by you will be kept confidential and used only for my research purpose. Thanks.

Retailers Name:

Address:

- 1) How long have you been engaged in this soft drinks business?
a) Less than 5 years [] b) 5 – 10 years [] c) 10 –15 years [] d) Above 15 years []
- 2) Nature of your business:
a) Café [] b) Retail shop [] c) Canteen [] d) Hotel []
- 3) Which is most fast moving drinks in your shop?
a) Coca cola [] b) Pepsi [] c) Sprite [] d) Slice []
- 4) What do you think about price aspects of Pepsi and coca cola products?
a) Very high [] b) High [] c) Reasonable [] d) low []
- 5) Which type of customers is most visiting in your shop?
a) Job holders [] b) Family members [] c) Students [] d) Business men []
- 6) What is the perception of consumers about soft drinks?
a) Gives passion [] b) luxury drink [] c) controls thirst []
- 7) Annual turnover of Pepsi and Coca Cola products:
Pepsi Products:
a) <100 cases [] b) 100-300 [] c) 300-500 [] d) Above 500 []
Coca Cola Products:

- a) <100 cases [] b) 100-300 [] c) 300-500 [] d) Above 500 []
- 8) Which of the most brand availability in the outlets?
a)Coke[] b)Pepsi[] c)Frooti[] d)Rio & others[]
- 9) How many crates of Coke & Pepsi do you sell per day?
a) ½ Crates[] b) 1 crates[] c) 2 Crates[] d) 5 crates[] e) Other[]
- 10) Which cold drinks brand do you sell more?
a) Coke[] b) Pepsi[] c)Sprite[] d) Mountain Dew[] e) Fanta[] f) slice[]
- 11) Which of these is easy to sell?
a) Cold drinks in bottles[] b) Cold drinks in cans[]
- 12) How many times do the people of company (distributors or agents) visit your shop or hotel?
a) Daily[] b) Once a Week[] c) Twice a week[] d) Other[]
- 13) Which cold drinks bottle do you sell more?

a) Coke	b) Pepsi
1) 200ml	1) 200ml
2) 250ml	2) 250ml
3) 500ml	3) 500ml
4) 1 liter	4) 1liter
5) 1.5 liter	5) 1.5 liter
- 14) Mention the level of satisfaction you have with the service of distributors?
a) Satisfied[] b) Fully satisfied[] c)Not satisfied d) Not at all satisfied
please, write down the reasons for any one the above.....
- 15) On which brand of cold drinks do you give more emphasis?
a) Coke[] b) Pepsi[] c) Sprite[] d) Fanta[] e) Slice[] f) Others[]
- 16) Which brand does consumer prefer in case of shortage?
a)Desire brand.....b) Substitute brand.....
- 17) Which brand/brands of drinks has/ has a high market?
a) Coke[] b) Pepsi[] c) Real[] d) Fanta[] e) Sprite[] f) All of the above. []
- 18) How does advertisement affect the selling of Coke & Pepsi?

- a) Affects more[] b) Does not affect[] c) Moderately affect[] d) Does not affect at all[]
- 19) Why do you give more emphasis as mentioned above?
- a) Because the company provides with 'cash reward' []
 b) Because the company provides with 'new schemes'[]
 c) Because I believe in the brand[]
 d) Because people like the brand more []
 e) Others reasons.....
- 20) Which of the following schemes does the company offer you?
- a) Cash discount[] b) Discount of one bottle or more in one bottle[]
 c) Refrigerator as reward for selling cold drinks[] d) others reward.[]
- 21) Which drinks do you preferred most instead of these cold drinks?
- a) coke[] b)Pepsi[] c) fanta[] d) slice[] e)sprite[] e) mountain dew[]

- 22) What do you think about price aspects of Pepsi and coca cola products?
- a) Very high [] b) High [] c) Reasonable [] d) low []
- 23) How does retailers influence on consumer to choose preferred brand?

- 24) How does advertisement affect the selling of Coke & Pepsi?
- a) Affects more[] b) Does not affect[] c) Moderately affect[] d) Does not affect at all[]
- 25) If your answer is (a), then advertisement of which brand has more effects?
- a) Coke[] b) Pepsi[] c) Sprite[] d) Fanta[] e) Slice[] j) Others[]
- 26) Which one of the following should be done to promote the sale of Coke & Pepsi?
- a) More advertisement[] b) More prizes for consumers through promotional schemes[]
 c) Reduction of price[] d) Emphasis on quality e) Change in taste f) All of the above[]
- 27) Which of the following schemes does the company offer you?
- a) Cash discount[] b) Discount of one bottle or more in one bottle[]
 c) Refrigerator as reward for selling cold drinks[] d) others reward[]

28) Please write down any comment or suggestions you have for Coke & Pepsi?

.....
.....

Respondents:

Name: -

Sex -

Signature:-

Appendex-1: Questionnaires for Consumer.

In course of my study I need of your kind support for collecting information regarding my topic “A STUDY ON CONSUMER PREFERENCE TOWARDS PEPSI AND COCA COLA” I have made a set of questionnaires for you and request you to fill up them. I assure you that the information provided by you will be kept confidential and used only for my research purpose.

Thanks !

Consumer Profile

Name:.....

Sex: a) Male [] b) Female []

Age: a) 13-25 [] b) 25-35 [] c) 35-45 [] d) above 45 years
[]

Education: a) Under SLC [] b)SLC [] c)Under Graduate[] d)Above graduate
[]

Occupation: a) Student [] b) Jobholder [] c) Businessman [] d) Others []

Income Level(Rs.): a) No [] b) Below 9999 [] c) 10000-30000 [] d) Above 30000
[]

1) Do you drink cola-soft drinks?

- a) Yes [] b) No [] c) Occasionally []
- 2) Which cola brand do you drink the most?
a) Coca-Cola [] b) Pepsi []
- 3) What is your view on Coca Cola or Pepsi as a brand?
a) Very good [] b) Good [] c) Poor [] d) Bad []
- 4) When you think of cold drinks, generally which brand comes into your mind?
a) Coke [] b) Fanta [] c) Pepsi [] d) Sprite [] e) Lemon Fanta []
- 5) Which brand of cold drinks do you prefer?
a) Coca Cola [] b) Pepsi Cola []
- 6) At what time do you generally prefer for having cold drinks?
a) Before lunch [] b) Tiffin time [] d) Evening time [] e) After dinner
- 7) Which brand of cold drinks is your favorite brand?
a) Coke [] b) Sprite [] c) Fanta [] d) Pepsi [] d) Slice [] e) Mirinda []
- 8) What are the factors that influence consumer to choose preferred drinks?
a) Availability [] b) Advertisement [] c) Sales Scheme [] d) Price []
e) Quality [] f) Taste [] g) Brand [] f) Other []
- 9) Rearrange in order from "a to h" from the order of priorities while making a decision to buy Coke & Pepsi?
a) Availability [] b) quench thirst c) Freshness d) Price
e) Quality f) Taste [] g) Brand Name [] h) Other reasons. []
- 10) Is Price important to choose preferred cold drink?
a) Very less important [] b) Less important [] c) No influence []
d) Important [] e) very important []
- 11) What are the reasons for having cold drinks?
a) Taste [] b) Delight quality [] c) quenching thirst [] d) Quality [] e) Others []
- 12) What size of bottle do you prefer?
a) 200ml [] b) 250ml [] c) 500ml [] d) 1liter [] e) 1.5liter
- 13) Media exposure of Coke and Pepsi along with Sprite and Slice

- a) News paper\magazines [] b) Radio [] c) Television []
- 14) Which is the most advertising media?
 a) News paper\magazines [] b) Radio [] c) Television [] d) Hoarding []
 e) Electronic board [] e) Wall Painting []
- 15) Which Brand advertisement most recalled?
 a) Coke [] b) Fanta [] c) Pepsi [] d) Sprite [] e) Lemon Fanta []
 f) Mirinda [] g) Slice [] h) Rio []
- 16) Buying action after exposure to advertisement a) Recently [] b) After seeing two times []
 c) After add information [] d) Not consulted [] e) When it need
- 17) Which form of advertisement did you recall in your mind?
 a) News paper\magazines [] b) Radio [] c) Television [] d) Hoarding []
 e) Electronic board [] e) Wall Painting []
- 18) How much influence does the advertisement have on your choice of cola-Product?
 a)Very much[] b)A lot[] c)Neither[] d)Little[] e)Very Little[]
- 19) Where do you usually prefer to have Coke & Pepsi at ?
 a) Retail-store[] b) Cold-store[] c) Restaurant[] d) Bakery[]
- 20) Do you recall any advertisement of any brand of Coke & Pepsi?
 a) Yes[] b) No [] c) I can't recall now []
- 21) What is the main reason to choose the present brand of cold drinks?
 a) First reason.....b) Second reasonc) Third reason.....
- 22) Where is your Suitable place for having Coke and Pepsi ?
 a) Own house[] b) Restaurant/Bakery[] c) Picnic[] d) Festival[] e) Others[]
- 23) Frequency of purchase of cold drink
 a) Once a day[] b) Twice a day[] c) Once a week[] d) Twice a week[]
 e) Whenever they like[]
- 24) Do you change brands after seeing the new advertisement?

- a) Yes, I do[] b) No, I do not believe in advertisement []
- 25) Do you influence by advertisement have on your choice of cola-Product?
 a)Yes[] b)No[]
- 26) I drink Coke, because... a) I like the brand name[] b) I like the taste[] c) To
 quaint thirst[] g) others reasons[]
- 27) If your preferred brand is not available for repeat purchase, what will you do?
- 28) I drink Pepsi because.....
- 29) Which of the following advertisements you like the most?
 a) Foreign advertisement. [] b) Nepali model advertisement []
 c) Nepali folk song advertisement. [] d) Cartoon picture advertisement.[]
- 30) Any comments about the advertisements of Coke & Pepsi?

Respondents:

Name: -

Sex:-

Signature:-