

**THE BRAND IMAGES OF COCA-COLA AND PEPSI
AND BUYING MOTIVES OF COLA CONSUMERS
A CONSUMER RESEARCH STUDY**

MBA THESIS

**By
EMRE YILMAZ
August, 1997**

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A THESIS
SUBMITTED TO THE DEPARTMENT OF MANAGEMENT
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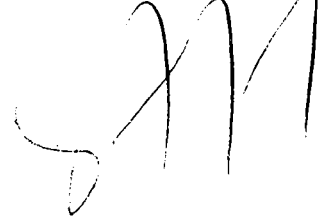
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Assoc. Prof. Güliz Ger



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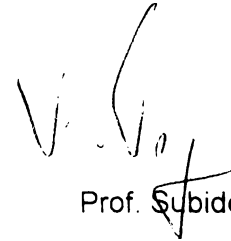


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ABSTRACT

THE BRAND IMAGES OF COCA-COLA AND PEPSI
AND BUYING MOTIVES OF COLA CONSUMERS
A CONSUMER RESEARCH STUDY

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M.B.A.

Supervisor : Assoc. Prof. Güliz Ger

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Cola is one of the heavily consumed products all over the world by almost every individual. Today there are two main competitors in the world to convince consumers to consume their brand; Coca-Cola and Pepsi. Both companies give a big importance to understand their consumers' needs behaviors and habits so as to satisfy their needs.

Aim of this study is to present the current situation of the Turkish cola market, and identify the buying motives and the important factors in decision making process of consumers for cola product and the image of Coca-Cola and Pepsi brands so as to make some proposals that may help to improve the business from Coca-Cola Co.'s perspective.

ÖZET
COCA-COLA VE PEPSİ İMAJI
VE KOLA TÜKETİCİLERİNİN SATIN ALMA ETKENLERİ
BİR TÜKETİCİ ARAŞTIRMASI

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Kola, dünya üzerinde hemen hemen her insan tarafından oldukça çok tüketilen ürünlerden bir tanesidir. Günümüzde kendi markalarını tüketmesi için tüketicileri ikna etmeye çalışan başlıca iki rakip vardır; Coca-Cola ve Pepsi. İki şirket de tüketicilerinin isteklerini karşılayabilmek için, onların ihtiyaçlarını, davranışlarını ve alışkanlıklarını anlamaya büyük önem verirler.

Bu çalışmanın amacı, Türk kola pazarının günümüzdeki durumunu sunmak ve tüketicilerin kola satın alma etkenlerini, karar verme sürecindeki etkili faktörleri ve Coca-Cola ve Pepsi'nin imajlarını bularak Coca-Cola şirketine, işlerini ilerletebilecek öneriler sunmaktır.

ACKNOWLEDGEMENTS

To my family and the ones who provided the vision.

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1. INTRODUCTION

Five Billion of people living in the world today are continuously selecting, buying, and consuming of products, services, ideas or experiences to satisfy their needs and desires. At the same time, producers are thinking of increasing their sales to these people which will help them to increase their revenues and profits. However, enjoying the high revenues and profits is dependent on satisfying the consumers, and this can be achieved by a good understanding of their needs and desires.

As Ted Lewitt of Harvard said "If you are not thinking customer, you are not thinking" (Lewitt, 1983, page:111). Thinking the customer is to understand, who are your customers, and why are they consuming certain products and brands.

Only producing the best performing products does not help companies to enjoy high market shares and profits. Today companies are trying to learn more and more about their consumers and understand them, in order to be able to meet their needs.

Everyday, we are being exposed to several messages communicated by the marketers to convince us to buy their brands. They give a name to the product that they produce, that is to say the "brand name", and create a personality behind that brand. Thus, at the basic level we make our purchasing decision based on what these names mean to us. The American Marketing Association defines a brand as follows:

A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

A powerful brand is said to have high *brand equity*. According to Aaker(1991) brand equity is higher the brand loyalty, name awareness, perceived quality, strong brand associations, and other assets such as patents, trademarks, and channel relationships.

The brand image and the brand equity are the main elements for a brand to ensure a high share of mind among the consumers. Referring to how Aaker(1991) described the brand equity, the higher the brand equity and brand image's being more close to the consumers ideal situation we can expect that brand to have a high share of mind when compared to competitors. Eventually, having a high share of mind for a brand among the consumers will most likely result in increased sales. So companies are spending resources to form a strong brand equity so as to get a higher share of mind which would help them to increase their future sales.

In the business world, marketing entered the consciousness of different companies at different times and Coca-Cola company was among the early leaders. Today, Coca-Cola is one of the first coming companies that spend big amount of its resources to understand the consumer needs and establish a strong brand equity, which also affect the consumer brand awareness and loyalty.

According to Interbrand, Coca-Cola is in the first place in world's top ten brand superpowers. According to another survey applied among 3000 consumers on brand power in Japan, Europe and US, to produce a list of the most positively regarded brand names around the world, Coca-Cola is the number 1 brand in any product category.

Today in most of the countries in the world, Coca-Cola is the market leader with significant share differences vs. Pepsi. Coca-Cola is existing in the Turkish market over 35 years, and today it is the most consumed brand among other cola brands. Until the end of 1980's Coca-Cola was the market leader by more than 60%. However, in recent years Coca-Cola started to lose market shares to the competitor Pepsi and today, Pepsi market share is very

close to Coca-Cola market share in Turkey (As of June 1995, Coca-Cola market share in cola segment is 47.5%, whereas Pepsi is 46.8%. Zet-Nielsen, Carbonated Soft Drinks Market Research).

Understanding the reasons behind this dramatic change in Turkish cola market can help us to identify some improvement areas in Coca-Cola Co.'s marketing strategy so as to improve their business. In order to identify the reasons, a literature review has been made to collect the background information about the Turkish cola market. After that, the information gathered from the interviews made with brand managers of Coca-Cola and Pepsi was used to identify the marketing strategies of both companies. The interview made by Zet-Nielsen Co. (The market data supplier for Coca-Cola Co. and Pepsi Co. in Turkey) helped me to collect some quantitative market data that explained the current situation of Turkish cola market.

Finally, a qualitative consumer research was implemented in this study. Focus group discussions were used in this qualitative research in order to identify

- i)the the buying motives for the cola product among the consumers,
- ii)the Coca-Cola and Pepsi image in consumers' minds
- iii)the decision making process in cola purchase

Turkish cola market information and qualitative research learnings will be used to make a S.W.O.T. analysis, hence identify the possible improvement areas in Coca-Cola Co.'s marketing strategies and offer some solutions to the identified problems which the company can benefit.

The thesis proceeds in the following manner. In chapter 2, the background of the Turkish cola market and the marketing elements of Coca-Cola and Pepsi-Cola companies are

presented. Chapter 3 explains the methodology implemented in this research. In Chapter 4, the findings of the qualitative research and the Coca-Cola and Pepsi images are presented. In Chapter 5, the buying motives and the decision making process for the cola product is presented based on the consumer research results. In Chapter 6, a S.W.O.T. analysis for Coca-Cola is made based on the Turkish cola market information, Coca-Cola and Pepsi's marketing strategies and the qualitative consumer research results. Additionally I present my recommendations to Coca-Cola Co. according to the S.W.O.T. analysis.

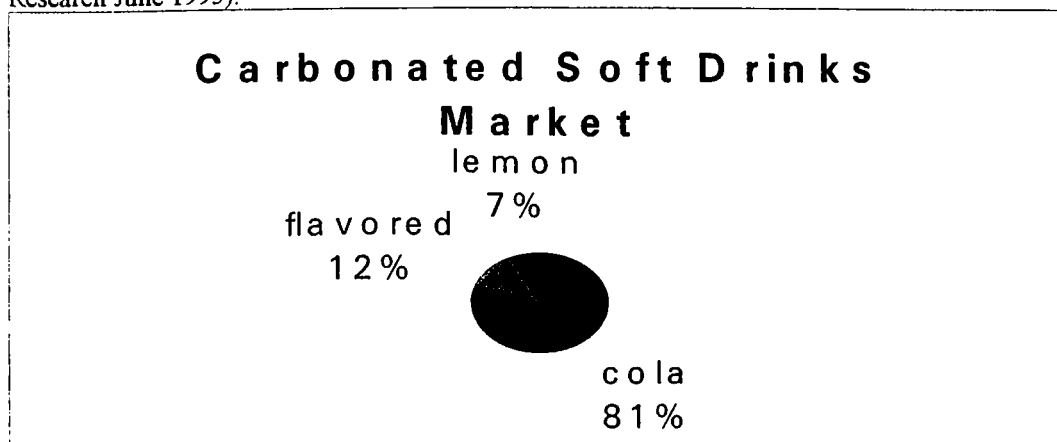
2. TURKISH COLA MARKET

The total beverage market in Turkey can be divided into two groups mainly. Hot drinks and alcohol free beverages. Alcohol free beverage market consists of bottled water, juices, milk, ayran and carbonated soft drinks, whereas hot drinks market consists of tea and coffee.

Carbonated soft drinks segment constitutes 30% of alcohol free beverages market. Carbonated soft drinks market in Turkey consists of product groups including cola, flavored soft drinks and lemon lime segments. Among these groups cola segment has a share of more than 80%, flavored drinks have 12% and lemon lime drinks have 7% share (See Chart 1).

Chart 1. Turkish Carbonated Soft Drinks Market (Zet Nielsen, Carbonated Soft Drinks Market

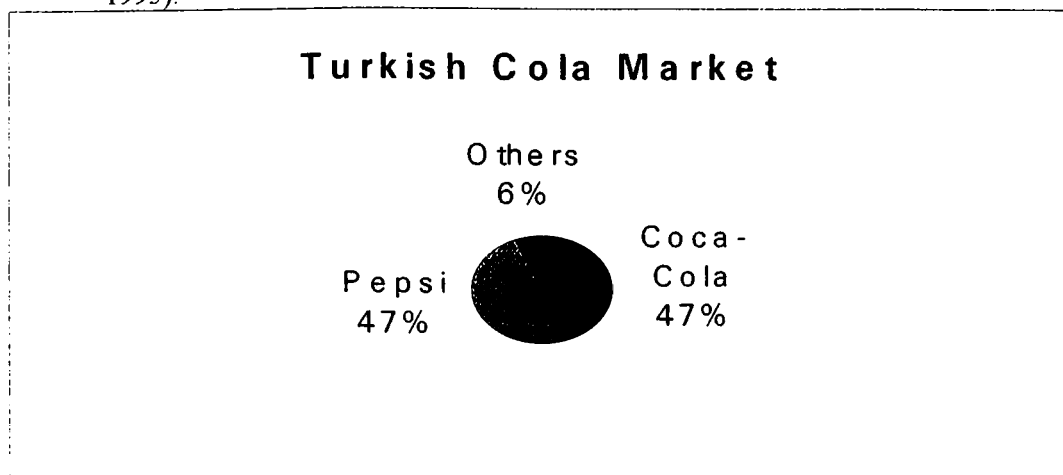
Research June 1995).



The major portion of the consumption of total carbonated soft drinks is at households by 70%. 20% of the consumption is at public places such as restaurants, cafes, and the remaining 10% is consumed at other places such as vending machines, hotels etc. Carbonated soft drink market is growing at a rate of 15% per year which is a great opportunity, however the per capita consumption in Turkey is significantly lower when compared to other countries. Per capita consumption in Turkey is 75 bottles (25cc. per bottle) whereas in Mexico only Coca-Cola consumption per capita is 250 bottles and even 1000 bottles in US.

The cola segment in Turkey consists of mainly two brands, Coca-Cola and Pepsi which together hold 95% of the cola segment. Coca-Cola is the market leader by 47.5% and Pepsi is following Coca-Cola by 46.8% as of June 1995 (See Chart 2).

Chart 2. Turkish Cola Market (Zet Nielsen, Carbonated Soft Drinks Market Research June 1995).



2.1 History of Coca-Cola Company in Turkey*

The introduction of Coca-Cola to Turkish market was in 1964. One year later, the Coca-Cola Export Co. Corporation was established in Istanbul.

All over the world Coca-Cola Co. gives bottling and distribution rights to other companies and in 1967, bottling and distribution rights were given to two companies in Turkey: Has Holding and Özgörkey Co.

Has Holding owned Istanbul, Ankara, Adana, Elazığ and Bursa plants whereas Özgörkey owned İzmir and Antalya plants. Both companies were responsible from the bottling and distribution of Coca-Cola in their own regions. While doing these functions, both companies had to obey some standardized rules such as size of the bottle, the logo, prices, taste.

Until mid 1980's Coca-Cola was enjoying the market share leadership in the Turkish market whereas Pepsi was the follower brand with significant low shares when compared to Coca-Cola.

In 1985 the bottler of the Coca-Cola company, Has Holding faced problems in their businesses other than Coca-Cola business which also effected their Coca-Cola business. When Istanbul Bank (the bank that hold Has Holding's accounts) went bankrupt and was takenover by Ziraat Bank, the Ankara plant of Coca-Cola was given to Ziraat Bank to pay for the debts of Has Holding to Istanbul Bank.

After that period Ziraat Bank and has Holding managed the plants all over Turkey unsuccessfully. The plants Has Holding owned were producing low quality product and this

* The information presented in this chapter is based on the interview made by Ankara region manager of Coca-Cola Co.

resulted in consumer complaints. Moreover they were not satisfying the retailers' product and support requests.

In order to overcome these issues, Coca-Cola company decided to run its own plants so they bought the Ankara plant from Ziraat Bank. Similarly they bought the other plants from Has Holding. However Has Holding refused to sell Istanbul plant to Coca-Cola Co., and because of that Coca-Cola bought the Schweppes plant in Istanbul and started their production. During that time, Has Holding also continued producing Coca-Cola in Istanbul plant. Has Holding's Istanbul plant was not producing according to the standards set by Coca-Cola Co. worldwide, which caused product quality deficiencies and resulted in consumer complaints. This Coca-Cola to lose a certain part of their distribution points to competitor Pepsi. The product quality issues also caused Coca-Cola to lose market share especially in Istanbul region. During this period, Pepsi-Cola Co., immediately reacted to this weakness of Coca-Cola Co., and achieved to capture the 75% of Istanbul market, which corresponded to 50% of total Turkish market. In 1994, Coca-Cola Co. got all the rights to produce Coca-Cola in Turkey and recovered the consumer complaint issues, but they lost the distribution effectiveness advantage that they had over Pepsi.

This crisis caused Coca-Cola to lose the strong market share to the competitor in the Turkish market , and currently Pepsi and Coca-Cola has almost equal shares in the Turkish Market .

2.2 Marketing Strategies of Coca-Cola Co. and Pepsi Co.

The information presented in this chapter are gathered from the interviews made by the brand managers of Coca-Cola and Pepsi-Cola companies (Appendix 1).

2.2.1 Segmentation

Both companies make their segmentation according to the age distribution. There are 4 segments defined by Coca-Cola Co. and Pepsi Co.

- i) Children; 0 to 12 years old
- ii) Teenagers and young; 12 to 25 years old
- iii) Middle aged; 25 to 45 years old
- iv) Old people; 45 years and above

2.2.2 Targeting

Although both companies broad target is the Teenagers and Young segment, their definition of their target markets differ from each other. The definitions of both companies' target markets are as follows:

-Coca-Cola: 12-24 year old young men and women without excluding others

-Pepsi: Young minded, young at heart people who look forward, curious about next thing and who want more out of life.

2.2.3 Positioning

Coca-Cola: It is positioned as being delicious, refreshing, thirst quenching, ice-cold, real taste, contour bottle, confident, sophisticated, idealistic, active, energetic, exciting, independent and authentic.

Pepsi: It is positioned as the drink of the new generation, as a part of the self image (like a tie cigarette or a car).

2.2.4 Differential Advantage

Coca-Cola created its differential advantage through time by its jingle uniformity which is same all over the world. The company also claims that one of their biggest differential advantage is their contour bottle which is recognized by more than 90% of the world's population.

Pepsi created a differential advantage by the launch of Pepsi-Max. Before the launch of Pepsi-Max, consumers believed that diet cola products were for females which was perceived to be negative. However Pepsi-Max is perceived to be a young, energetic, exciting and male product. This differentiation helped Pepsi to be effected by the positive image of Pepsi-Max.

2.2.5 Marketing Mix

As Kotler, states, "Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market", (Kotler, 1994, page 98). Mc Carthy popularized a four factor classification of these called the four Ps: product, price, place and promotion. In this part the four Ps of Coca-Cola Co. and Pepsi-Cola Co. will be presented.

2.2.5.1 Product

Coca-Cola and Pepsi products' formulations are one of the best kept secret formulations in the world. In order to ensure this confidentiality, Coca-Cola and Pepsi are only produced in the US. Both products are produced as a concentrate syrup in US. and then this syrup is sent to the plants that the bottling is done. In Turkey, both companies import the concentrate syrup and sell it to their bottlers. While producing and bottling, bottlers are requested to fulfill all the standards such as ingredients, pack sizes, logo, that are directed by Coca-Cola Co. and Pepsi-Cola Co.

In cola segment, Coca-Cola Co., has Coca-Cola and Diet Coca-Cola and Pepsi-Cola Co. has Pepsi, Diet Pepsi and Pepsi Max.

2.2.5.2 Price

In Turkish market, Coca-Cola Co. is setting the prices. Coca-Cola Co.'s strategy is to be the premium priced brand vs. Pepsi and other competitors. As Turkey is a hyper inflation country, there are no stable prices in the market. After Coca-Cola declares its price increases, Pepsi follows this move. Pepsi-Cola Co.'s pricing strategy is to be priced slightly lower than Coca-Cola. After having the information of the price increase of Coca-Cola, Pepsi-Cola Co., declares its price increase ensuring to be between 95-100 index vs. Coca-Cola prices. Price indexes of all sizes of both brands can be seen in Chart 3.

Chart 3. Price Indexes of Coca-Cola and Pepsi sizes (Coca-Cola and Pepsi Company Reports)

<u>Size</u>	<u>Coca-Cola</u>	<u>Pepsi</u>
250ml. bottle	100	-
330ml. can	100	80
500ml. can	-	100
1lt. pet	100	89
2lt. pet	100	83
2.5lt. pet	100	88

2.2.5.3 Promotion

The promotions applied by two companies can be divided into 3 main groups

- i)Advertising
- ii)Public Events
- iii)Sales Promotions

2.2.5.3.1 Advertising

Advertising is the communication tool that both companies heavily use. The objective of the advertising that both companies use is the reminder advertising. As Kotler(1994) states, reminder advertising is highly important with mature products. Expensive four color Coca-Cola ads in magazines have the purpose of not informing or persuading, but of reminding people to purchase Coca-Cola.

Coca-Cola Co. and Pepsi-Cola Co. use various types of communication tools such as TV, radio, billboards and printed materials. TV advertisements that they use in Turkey are mainly developed in US., but they usually develop their advertisements for radio and printed materials in Turkey.

While they use the reminder advertisements continuously, they sometimes produce TV advertisements in Turkey to announce some promotional activities, such as lotteries.

Although the executions differ in the Coca-Cola advertisements, the message that is continuously communicated is 'always Coca-Cola'. They communicate the message that Coca-Cola can be consumed in any time of the day and in any occasion.

When the advertisements of Coca-Cola that are shown in Turkey since 1970's are analyzed, the common points that are communicated are the young people which is interpreted as the target group of Coca-Cola. Other common points are, real taste, activeness, happiness, fun, music, refreshing break, which are in line with the positioning of Coca-Cola. A major distinctiveness of the Coca-Cola ads is its jingle, and this provides consistency through time.

Additionally, Coca-Cola uses strong association with food in its advertisements, to convey "Whenever there is food there is always Coca-Cola" message.

Coca-Cola uses the "actual self" in its advertisements which is described by Solomon (1996) as our more realistic appraisal of the qualities we do and don't have[6]. The characters in Coca-Cola ads are ordinary, joyful, young people that can be met, in everyday life.

Pepsi reached to a great success with its 'New Generation' campaign. As claimed by the Brand Manager of Pepsi, the new generation campaign advertisements have greater, recall test results when compared to Coca-Cola advertisements.

The advertisements in the 'New Generation' campaign are generally humorous and comparative. The brand manger of Pepsi claims that the aim of using comparative ads is to benefit from the old, tired image of Coca-Cola. Overall, humorous advertisements do get attention. One study found that recognition scores for humorous liquor ads were better than average, which also supports the claim of the Pepsi manager. However as Solomon (1996) states, the outcome of the humorous ads is mixed as to whether humor affects recall or product attitudes in a significant way.

The message that is continuously communicated in Pepsi advertisements is the 'Choice of New Generation'. When Pepsi ads used in Turkey are analyzed, the common points are the

young people with the feeling of joyful, entertaining Pepsi world. Pepsi uses ideal self in its advertisements such as Michael Jackson, Madonna, Cindy Crawford. Ideal self is described by Solomon (1996) as a person's conception of how he or she or he would like to be. However there is the risk of using celebrities in the advertisements as they are the potential for some scandals like Michael Jackson faced previously.

2.2.5.3.2 Public Events

In order to communicate their young, lively, energetic images, both companies put great emphasis on Public Events.

Coca-Cola sponsors rock concerts like Scorpions and Bon Jovi and sports events like street ball or beach volley tournaments. They also sponsor music programs on popular TV and radio channels. However Coca-Cola sponsored some concerts in Turkey, which did not match with its positioning. They organized a concert of Diana Washington and Diaene Warwick. Although they were popular people, the listeners of these singers were out of Coca-Cola's target group.

Pepsi uses public events more effectively when compared to Coca-Cola. They organized the concert of world giants in Istanbul like Michael Jackson and Rod Stewart which drew great public attention.

One of the big events that they organized and communicated was the sponsorship of Turkish national football team.

2.2.5.3.3 Sales Promotions

Both companies are organizing sales promotions on continuous basis. The sales promotions that are applied by two companies can be divided into two groups.

i) Consumer Promotions

ii) Trade Promotions

Consumer promotions are mainly applied seasonally by both companies. These are generally lotteries, which offer some high value gifts such as sports cars or holidays. This kind of promotions are mainly applied in winter seasons in order to increase their dropping sales due to seasonality.

Trade promotions that are applied by both companies are mainly some price reductions to a certain amount of purchases. Additionally, Pepsi offers attractive exclusivity fees to the retailers whereas Coca-Cola Co. does not want to make any spending for this kind of implementations.

2.2.5.4 Place

Both companies work with wholesalers to distribute the product to the retailers. The products produced in the plants are shipped to the wholesalers, and the Coca-Cola and Pepsi-Cola sales team get the orders from the retailers and organize the shipment from wholesaler to the retailers.

Coca-Cola and Pepsi have almost equal shares in the Turkish cola market. However the consumption is significantly lower when compared to other countries. The problems that Coca-Cola Co. faced with its bottler Has Holding, resulted in market share loss which strengthened Pepsi in the market. If we compare the marketing strategies of both companies, Pepsi seems to be more aggressive, with the promotions and the pricing

strategies. The information presented up to this part can explain the reason of the rapid change in the Turkish cola market in last 10 years. However, we need to identify the images of both brands and the motives of buying cola product among consumers, so that we can understand the reasons of their cola consumption and brand preferences. For this purpose a qualitative consumer research have been applied among the core target group of both companies.

3. METHODOLOGY

In order to identify the current situation in the Turkish cola market and understand the motives of the cola purchase and the brand images of Coca-Cola and Pepsi brands among the consumers the research consisted of two main parts:

- 1) Collecting the background information
- 2) Qualitative consumer research

The first step of the research started with a literature survey to collect background information on Turkish cola market and about Coca-Cola and Pepsi brands' marketing activities in Turkey. During this literature survey mainly the marketing magazines published in Turkey were used.

After obtaining the background information an interview was made with the Ankara region sales manager of Coca-Cola Co. The aim of the interview was to obtain a detailed information on production and distribution system of the company, the history of Coca-Cola Co. in Turkey and the competition in the market.

Following the interview with the Ankara region manager of Coca-Cola Co., an interview was made by the Zet-Nielsen Co. Zet-Neisen was the market data supplier for both Coca-Cola Co. and Pepsi Co. in Turkish market. The aim of the interview was to gather secondary data about the cola market and the market shares of both companies. The secondary data obtained from Zet-Nielsen was the results of the June 1995 "Carbonated Soft Drinks Market Research".

After collecting the market information, interviews were made with the brand managers of Coca-Cola and Pepsi. The aim of the interviews were to obtain information on the marketing strategies of both brands and their competitive activities. The brand managers were

informed about the aim of the study and were asked to provide information about the segmentation, target market, positioning of the brands.

The second step of the research was the qualitative consumer research and the aim of applying qualitative research was to provide rich insight of the consumers. In order to identify the buying motives for the cola product, the Coca-Cola and Pepsi image, the decision making, buying process, four focus groups were conducted.

The participants of the focus groups were selected from people of 17-25 years of age, who were students of high school or university from A, B, C1 socioeconomic groups which were defined as the target group of both companies. As Solomon (1996) states exploratory research is performed to learn more about consumer behavior issue. The exploratory research is for exploration and the results are not representative for Turkey, however in order to derive conclusions from the results of this research the results will be considered as representative of Turkey.

Each focus group conducted, included 8 people and number of male and female participants were equal in each group. Two of the groups were conducted at Bilkent University meeting room and other two were conducted at one of the participant's houses.

Before conducting the focus groups, each respondent was requested to fill in a questionnaire. The aim of the questionnaire was to get individual preferences, before interacting and getting influenced from others opinions. The questionnaire consisted of both projective and non-projective questions to get as much consumer learning as possible and to enhance validity in the research. In the projective part, the respondents were requested to associate Coca-Cola and Pepsi as a human being and as a car and also they were requested to complete a story.

In the non-projective part consumers were requested to state the important factors that influence their purchasing decision and the advertisements of both brands that they remembered. The questionnaire can be seen in Appendix 2. The questionnaires were collected after they finished filling them.

After the questionnaire, the respondents in each group were divided into two groups randomly. Each group was given five base cartoons in five colors and four magazines (Two actual news -- Aktüel, Tempo, two Airline magazines JAL Wings). One of the groups was requested to make a collage to describe Coca-Cola and the other group to describe Pepsi by the cartoons and magazines provided to them. After they finished the collage, they were asked to describe the collage they prepared (See Appendix 3 and 4).

Initially they were requested to make an explanation of the collage that they prepared and after that they were requested to explain what each picture on the collage stand for. During the explanation of the collage study the respondents were probed especially on the subjects that described the images of Coca-Cola and Pepsi in their minds and the important factors that influence their purchasing decision and the buying motives.

After the preliminary stage, the focus group discussions were conducted. In the focus group discussions the aim was to find answers to the following questions:

- 1)What are the buying motives for the cola product and the brands?
- 2)How do the both brands stand in participants' minds?
- 3)Where and when do they consume cola?

The focus group discussions started by reading the answer of one respondent to the first question in the questionnaire that they filled in the first part. All of the respondents were requested to present their opinions on the answers of the others. The group was let to carry the conversation by itself unless they moved to subjects that are irrelevant with the aim of

this study. During the conversations, the respondents were probed on the subjects that identify their buying motives, the brand images and the occasions where and when they consume cola. The discussions covered all of the questions that existed in the questionnaire. The respondents were also requested to talk about the past experiences of themselves or their friends', families' with the cola product and the brands.

The analysis of the each three different approaches, the questionnaire, the collage study and the focus group discussion was done separately.

The analysis of the data started by analyzing the answers to the questionnaire. The answers of the all groups' respondents were read and the common points were identified. After that the respondents' explanations of the collages that they made was transcribed and each collage's description was summarized. As a result of this, four Coca-Cola and four Pepsi brand descriptions were obtained. These descriptions were then aggregated to form one summary for each brand.

Finally, the focus group discussions were transcribed. The transcriptions of each discussion was coded and classified. While coding the data, selective coding was applied (Crabtree and Miller 1992) which denotes the process of selecting the core category systematically relating it to other categories, validating those relationships and filling categories that need further refinement and development. After coding, the common points for each group was identified and the findings were presented.

The findings of the questionnaire, the collage study and the focus group discussion is presented separately in the coming chapter and the conclusions from these three methods are then combined in the 5th Chapter.

4. FINDINGS

In each focus group implemented, different approaches of qualitative research methods were implemented: An open ended questionnaire, a collage study and the focus group discussion. In this chapter findings of each method will be presented separately.

4.1. Findings of the Questionnaire

After the introduction by the moderator, the participants were requested to fill in a questionnaire which included some direct questions as well as some projective techniques.

In the brand personification part, both of the brands were described as a male. Coca-Cola was said to be a person who has a classic life style, he likes spending his money on expensive and good quality products. He is American and he is proud of that. He is a wealthy serious person. He was defined as a person who has a self confidence and he is able to achieve what he wanted. His environment is impressed because of his occupation and his physical attractiveness. However there isn't any certain job defined for him, he may own a big company that is doing several different jobs. He likes eating and goes to expensive restaurants. He tries to be with you wherever and whenever you need him. He is a traditional person who has got a well known family root.

Pepsi is also defined to be a male, being younger than Coca-Cola. This young person is described very energetic and interested in sports. He does every kind of sports. He also likes eating however he does not go to expensive restaurants, he mainly eats at kebab restaurants. He is looking for different experiences in his life and he travels a lot. He likes going out and wants to be with famous people. He is not as rich as Coca-Cola. He does not look after himself so well and he does not care too much what he wears. However, he is spoiled and do not care life too much and he is selfish.

Car associations of the brands were significantly different than each other. Coca-Cola was associated with the classic brands like Ford Mustang, Mercedes, Ferrari, 56 Chevrolet. These brands were described as the most important brands in history which will never be out of date. These brands were described as being scarce and expensive. The owners of those cars are rich and wealthy persons. Those cars are said to be providing both speed and comfort.

Pepsi was associated with "today's brands" as quoted by one of the respondents. The brands were BMW, Opel Tigra, Toyota, Daewoo, Renault Twingo and Limousine. It is believed that these brands are the most preferred ones among today's generation and represent a young life style. It is mentioned that the cars associated with Pepsi are cheaper than the ones associated with Coca-Cola. These brands are defined as being a cheaper imitation of the brands that were associated with Coca-Cola.

The criteria, effecting the purchasing decision differed among the participants. However, all of the participants said that taste and price were the most important criteria for the brand decision. Majority of the consumers claimed that Coca-Cola had a better taste when compared to Pepsi. Taste of Pepsi was claimed to be sweeter than Coca-Cola and this was said to be a negative for Pepsi. They claimed that prices of the brands were important for them, but although the price of Pepsi is cheaper than Coca-Cola, there was not significant differences, but during some promotional periods the price differences are said to be very attractive. Also the packaging was an important attribute and they claimed that the bottle design of Coca-Cola was more attractive when compared to Pepsi. Lastly the availability of the brand was said to be an important criteria for the brand decision, because consumers claimed that they were not able to find both brands available in most of the places. They claimed that only the big supermarkets were offering both brands, and if they go to the grocery that is close to their house and if the grocery does not sell the brand that they want, they would not go to another shop to look for the brand that they want.

In the story completion part, the reason of purchasing Coca-Cola was said to be because of its taste whereas the reason of purchasing Pepsi was said to be because of its price.

Participants mainly remembered Pepsi's humorous ads like the ad with the monkeys or the truck drivers fighting with each other and the advertisements with the stars like Micheal Jackson or Tina Turner. They also remembered the Pepsi Max advertisements. However, participants sometimes confused Pepsi advertisements with Coca-Cola advertisements. The "Always Coca-Cola jingle had the highest recall among all participants. The number of remembered Coca-Cola advertisements were higher than that of Pepsi's in all groups. Participants remembered advertisements like spacemen not being able to copy Coke, sun drinking Coca Cola, talking ice cubes, the white bears. Interestingly participants remembered some old advertisements of Coca-Cola like people making music with Coca-Cola bottles, whereas they only remembered the new advertisements of Pepsi.

4.2. Findings of the Collage Study

In the collage study, each group was requested to make a collage to describe either Coca-Cola or Pepsi by cutting and pasting the magazines and base cartoons provided to them. After they prepared their pictures, they were requested to describe what they wanted to mention in the collage that they prepared. (See Appendix 3 and 4).

In describing Coca-Cola, participants mainly used the red color for background. According to the participants the reason of using red color was not only because it was Coca-Cola's color, but also it represented excitement. The respondents mainly used a group of young people having fun. Also, one of the mainly used themes in the collages' were the food pictures which shows the strong association of Coca-Cola with food. In one of the pictures the bottle shape of Coca-Cola was placed which described the 'real' bottle according to the participants. They used American brands which represented Coca-Cola's being American.

They also used some jewelry photographs which represented the scarcity of Coca-Cola and being a prestigious product. Also a picture of a watch was used which described the "Always Coca-Cola" axiom used in the advertisements of Coca-Cola. Participants claimed that the watch was explaining that Coca-Cola could be consumed in any time of the day. Coca-Cola's being a classical brand was described with a picture of a violin which was a Stradivarius as quoted by the consumers. They also placed a claim "Always in the first place" in one of the collage's that they prepared. They placed the picture of the ice cubes which represented, Coca-Cola should be drunk with ice and it gives refreshment. The logo of Mercedes Benz was placed to describe Coca-Cola's being a prestigious product. The picture of America represented Coca-Cola's being American.

Pepsi was described by a group of young people which explained youth and sports according to the participants. A picture of people at a concert represented that Pepsi was organising a lot of concerts. "Gift" claim represented that Pepsi was offering a lot of promotions to the consumers, however this was not perceived as positive, because some of the respondents claimed that the company was able to sell the brand only by promotions. Also a baby picture was used which described the "New Generation". They placed the flags of different countries in the collage which represented Pepsi's being an international brand. Also music was one of the mainly used theme to describe Pepsi. They used pictures of people doing sports of every kind which meant that the people who drink Pepsi were interested in sports more than the people drinking Coca-Cola

4.3. Findings of the Focus Group Discussions

In the focus group discussions, participants were requested to talk about their answers that they gave in the questionnaire and their experiences with cola. During the discussion, the subjects describing their buying motives, the images of the both brands and purchasing decisions were probed by the moderator to help to get the insights of the participants. The findings are classified in three groups: The perception of cola product, the brand image of Coca-Cola and the brand image of Pepsi. The findings of this part will be presented in bullet points.

4.3.1 Perception of Cola Product in Consumers' Minds

- Cola is perceived to be a refreshing, relaxing soft drink
- Cola goes well with food
- As it is carbonated, it helps to eat more
- Cola contains sugar, so makes people feel energetic and active
- Cola is stimulating because of the sugar and caffeine in it
- It is a drink for everyone especially for the young people
- It is harmful for stomach especially in the morning and at night, due to the carbonation in it
- The main decision making criteria are its taste, price, advertisement, packaging, coldness, availability
- Main occasions in which cola is consumed are, with the meals, after sports, in summer, at parties
- Although it is claimed to be a drink that can be consumed at any time of the day, consumers resist to drink it in the morning and at night

- Cola can be consumed with every kind of food
- Cola is associated with fun, sports, music, action and youth
- Carbonation of cola burns the throat which is said to be a necessary function of it
- It is believed that, drinking too much cola can be harmful
- When you get too thirsty and would like to consume cola, than the brand preference loses its importance
- It is perceived to be a convenient drink
- Cola can be consumed for social purposes such as at a party, at a restaurant or cafe.
- Tea and coffee are also said to be an important soft drink
- Tea and coffee can also be consumed for social purposes
- There are times when tea and coffee goes better than coke, such as at breakfast or late in the evening or during studying. However tea and coffee can not be consumed with food
- Tea and coffee goes well with smoking
- Tea and coffee are consumed in long periods as they are hot
- Tea and coffee are not as convenient as cola, as it takes time to prepare them
- Tea and coffee is said to be consumed by mostly older people

4.3.2 Brand Image and Perception of Coca-Cola

- Coca-Cola is perceived to be the leader brand
- Coca-Cola is perceived as classical
- Coca-Cola is perceived as traditional and older than Pepsi
- Coca-Cola represents a certain life style
- Coca-Cola is associated with food, music and sports

- Coca-Cola's shape of the contour bottle is attractive which reminds the body of a woman and it is aesthetic
- Coca-Cola is American
- Coca-Cola represents a high quality and being prestigious
- Coca-Cola is the real taste
- Coca-Cola is the preferred brand over Pepsi, however if one of them is not available, participants claimed that they can easily switch to the other brand
- Coca-Cola is associated with red color which represents action

In order to understand the interpretation of the findings above, we are going to use semiotics. Semiotics examines the correspondence between signs and symbols and their role in the assignment of meaning. From a semiotic perspective, every marketing message has three basic components: An "object" which is the product that is the focus of the message, the "sign" which is the sensory imagery that represents the intended meanings of the object, and the "interpretant", which is the meaning derived. The semiotic analysis of Coca-Cola can be seen in Chart 4.

Chart 4. Semiotic Analysis of Coca-Cola

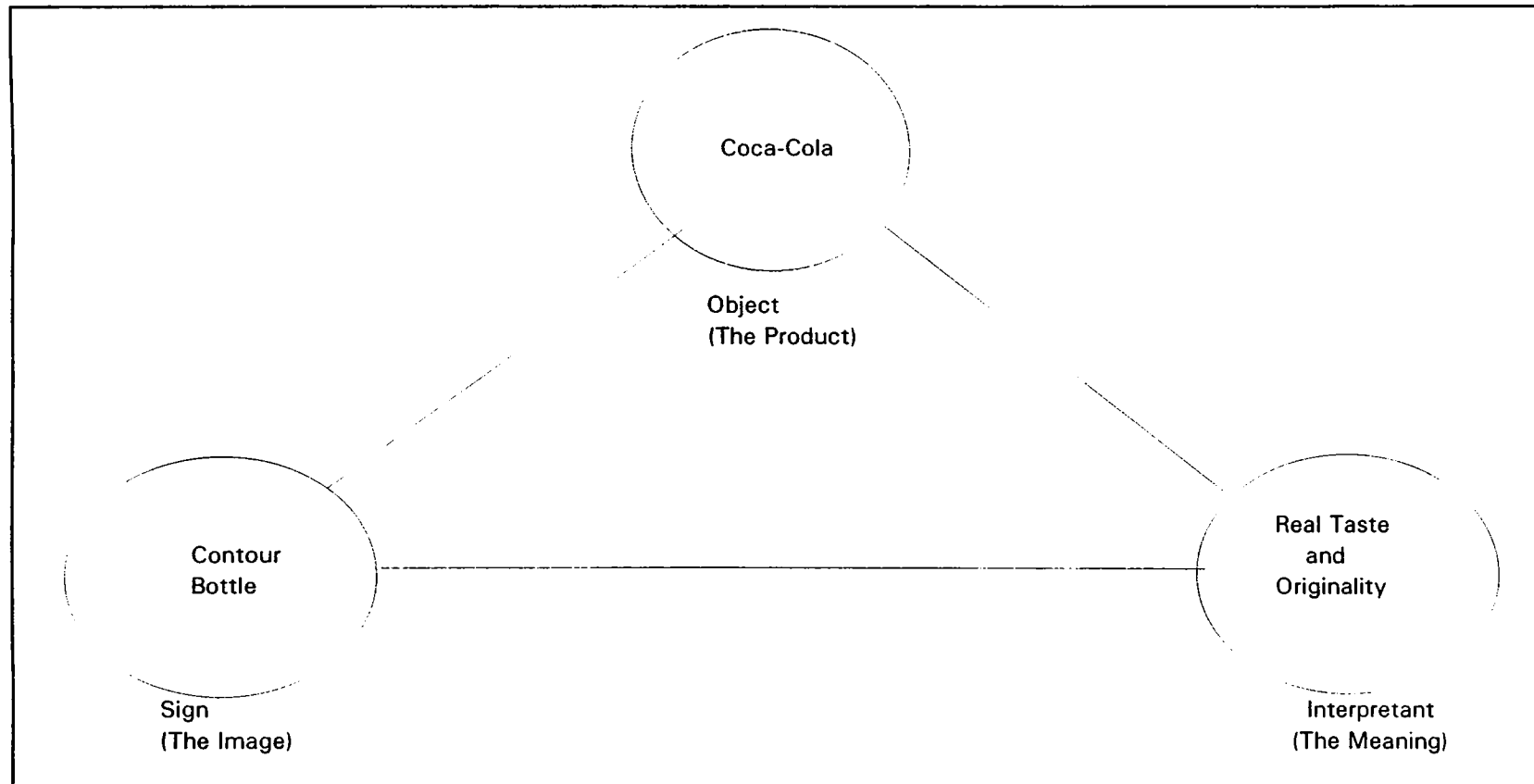


Chart 4. (Continued) Semiotic Analysis of Coca-Cola

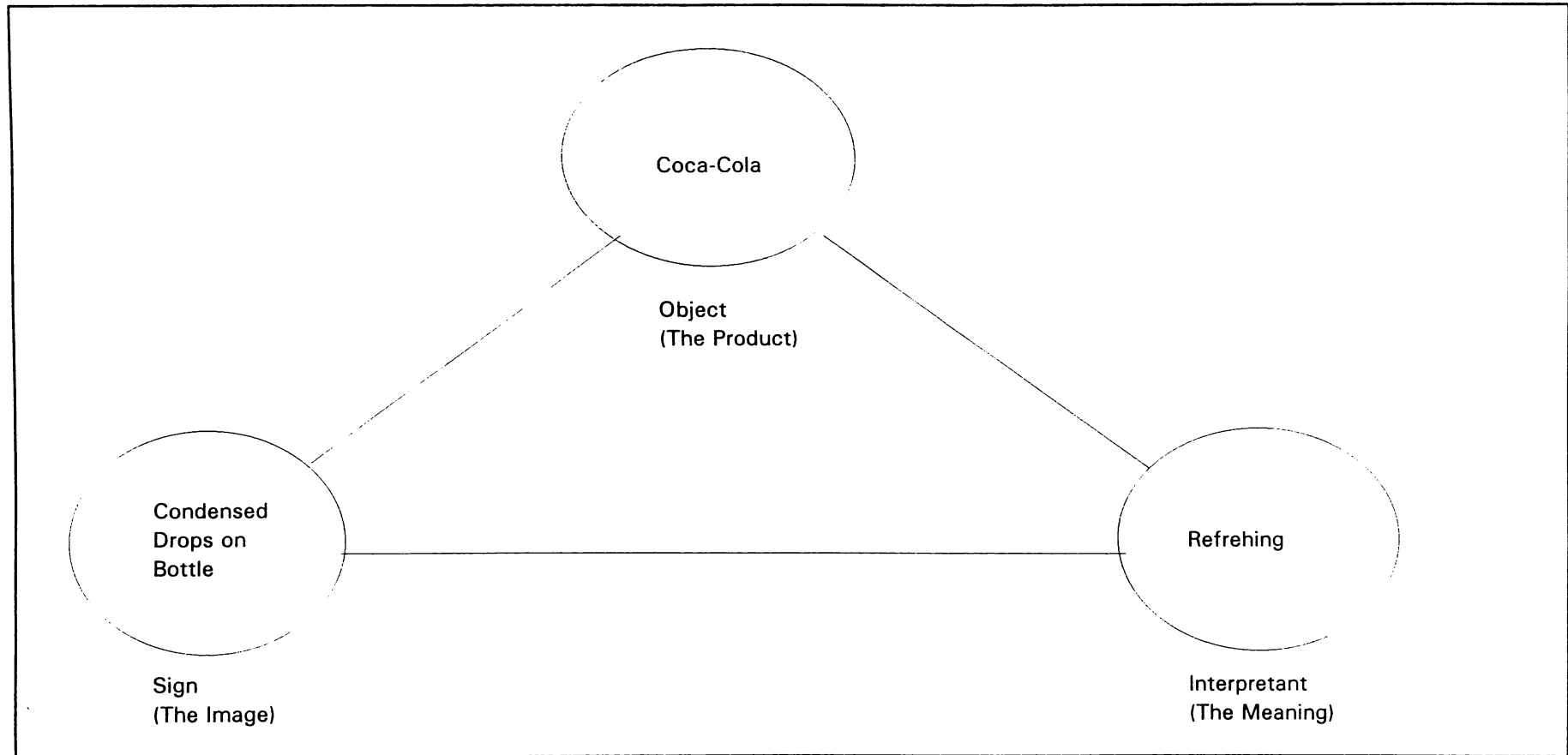
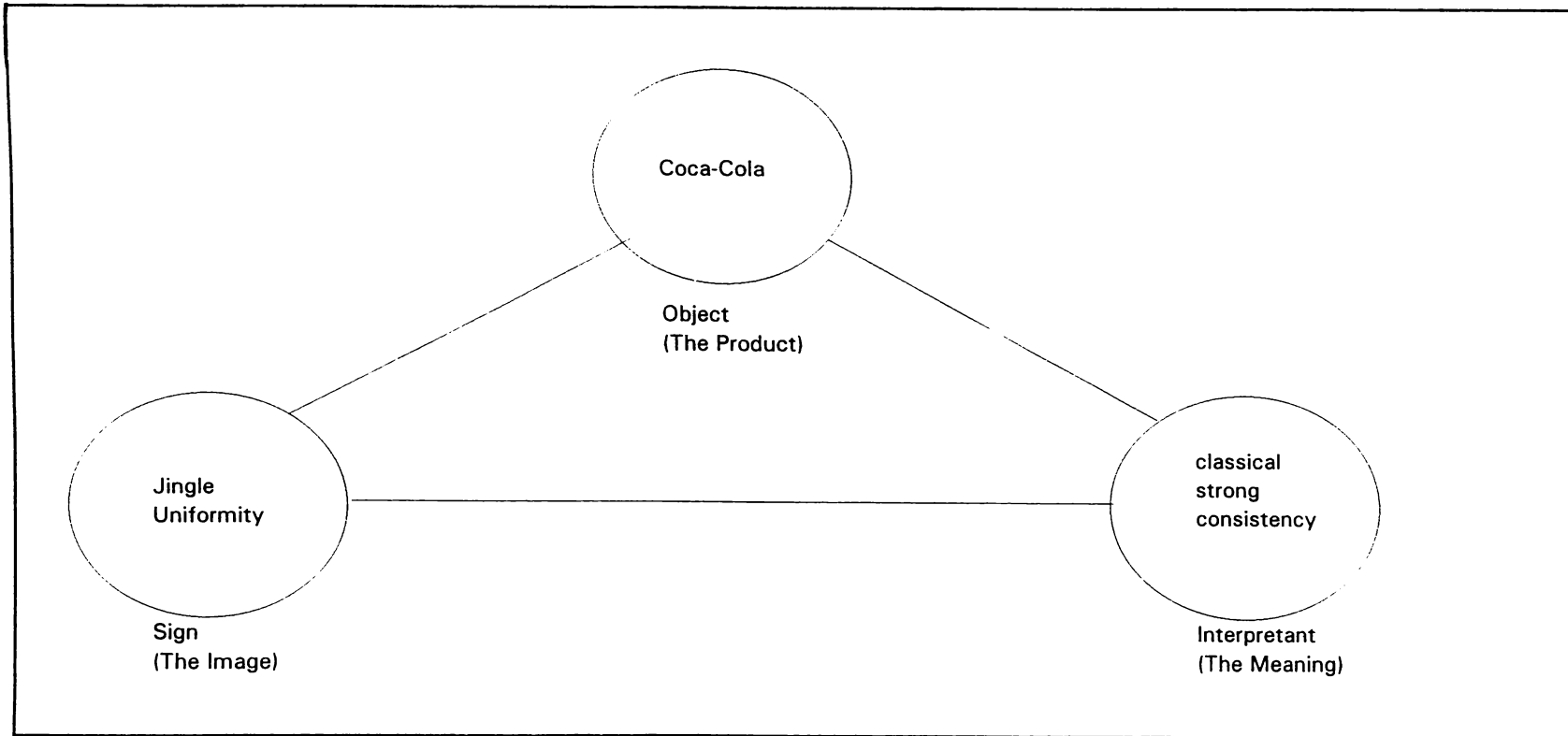


Chart 4.(Continued) Semiotic Analysis of Coca-Cola



4.3.3. Brand Image and Perception of Pepsi

- Pepsi is perceived to be the follower brand
- Pepsi is perceived to be younger and more innovative when compared to Coca-Cola
- Pepsi is perceived more international when compared to Coca-Cola
- Pepsi is said to be cheaper than Coca-Cola
- Pepsi sponsors big events like concerts of the world wide stars
- The humorous advertisements of Pepsi are remembered, however confused with Coca-Cola sometimes
- Pepsi Max's advertisements are mostly remembered and differentiated from Coca-Cola ads. It communicates masculine, active and excitement messages
- "Choice of new generation" is the most remembered selling line

5. CONCLUSIONS

In this chapter, the findings of the questionnaire, the collage study and the focus group discussions will be combined in order to identify the buying motives of the consumers for cola product and decision making process.

5.1. Decision Making Process

A purchasing decision is a response by the consumer to a problem that he or she faces. Traditionally consumer researches have approached decision makers from a rational perspective. According to this view, people calmly and carefully integrate as much information as possible with what they already know about a product, weigh the pluses and minuses of each alternative, and arrive at a satisfactory decision. However while the steps in decision making are followed by consumers for some purchases, such a process is not an accurate portrayal of many purchase decisions. Based on the type of the risk on the purchasing decision, consumers involvement in the evaluation process differs.

One helpful way to characterize the decision making process is to consider the amount of effort that goes into the decision each time it must be made. Consumer researchers have found it convenient to think in terms of continuum, which is anchored on one end by 'habitual decision making' and at the other extreme by 'extended problem solving'. Many decisions fall somewhere in the middle and are characterized by 'limited problem solving'.

In cola purchase consumers show the limited problem solving process which is explained as straightforward and simple type of decision making process by Solomon (1996).

When the consumer realizes a significant difference between his or her current state and a desired state the problem recognition occurs. Once they recognize their problem they search for information. The information search process for these occasions are via internal search where the consumers scan from their long term memories. The problem recognition of the decision making process of cola product occurs during three main occasions.

i)Thirst, refreshment

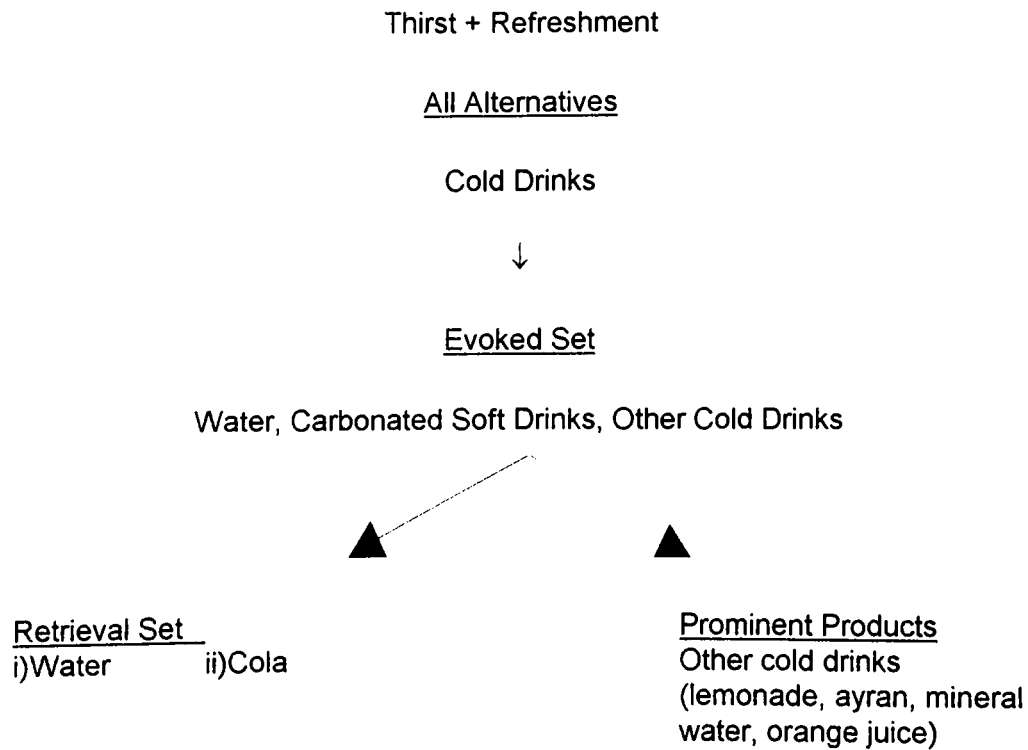
ii)With meals

iii)Social purposes

For the first occasion, consumers recognize one alternative; cold drinks, whereas for the other two occasions they recognize two alternatives; cold drinks and hot drinks. For thirst quenching purposes, the alternatives actively considered during their choice process consists of water, carbonated soft drinks and other cold drinks which can be described as their evoked set.

The retrieval set, that is one of the components of the evoked set, is made up of water and cola product. The second component of evoked set is the prominent products in the environment and these are other drinks (lemonade, ayran, mineral water). Alternative identifying can be seen in Chart 5.

Chart 5: Alternative Evaluation for Thirst and Refreshment



For eating and social purposes, the alternatives for the consumers increases to two product categories; cold drinks and hot drinks. The evoked set for this occasion is much more complex than the previous one. According to the type of occasion or meal, the alternatives can be either in the evoked set or in the inert set, when the consumer is aware but does not consider that alternative. For social purposes the evoked set includes both cold drinks and hot drinks. However, during a meal, hot drinks and cold drinks can be either a part of evoked set or inert set. During a breakfast, coffee and tea are in the evoked set, whereas during a dinner they are in the inert set. The alternative evaluation for eating and social purposes can be seen in Chart 6 and Chart 7.

Chart 6: Alternative evaluation for Eating

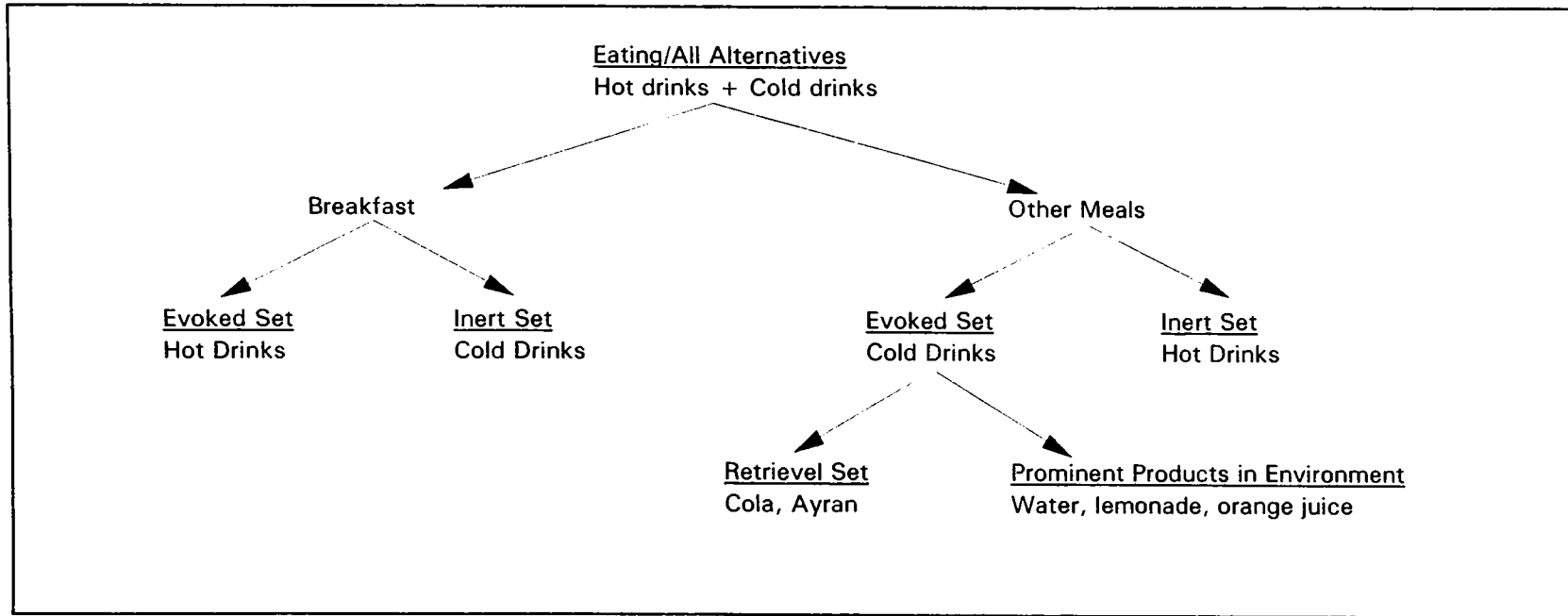
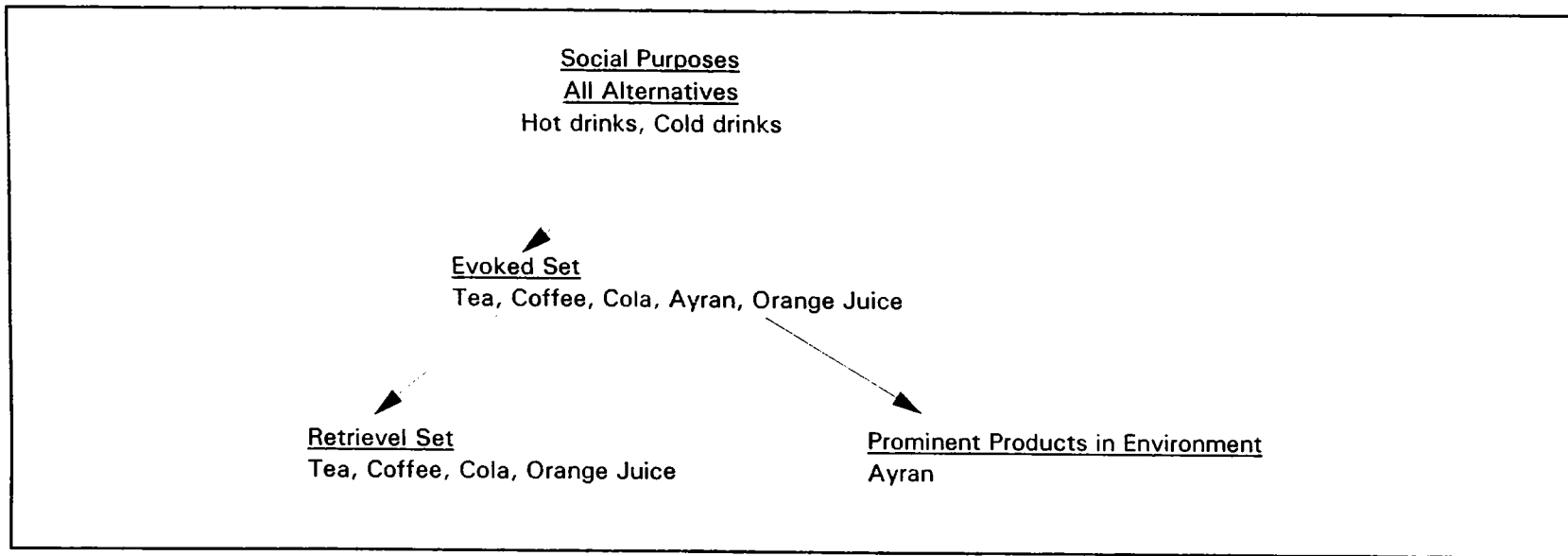
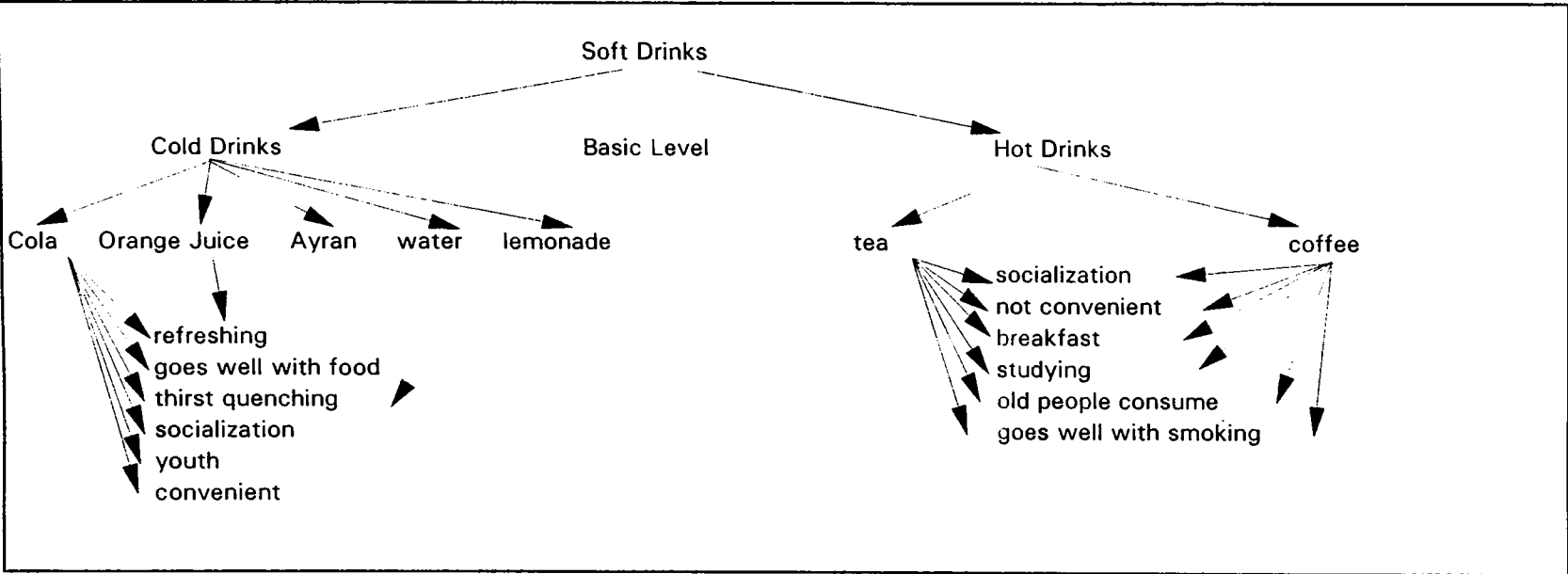


Chart 7: Alternative evaluation for Social Purposes



The products in the evoked set are likely to be those that share some similar features and it is important to understand how this knowledge is represented in a consumer's cognitive structure, which refers to a set of factual knowledge about products and the way these beliefs are organized. A product is categorized in a cognitive structure at one of three levels. In the product categorization process, consumers process their knowledge, beliefs and experiences with those products. The product categorization can be seen in Chart 8.

Chart 8: Product Categorization



5.2. Motivation

When the consumers recognize their need for the occasion explained in the previous section, they make a choice. The motives can answer the reason behind selecting cola. As Solomon (1996, page:125) states "Motivation refers to the process that cause people to behave as they do".

During the focus group discussions, one of the main competitor to the cola product category is found to be the hot drinks. Especially for social purpose consumption, tea and coffee are sometimes preferred over cola. However if we analyze consumers beliefs about hot drinks and cola according to expectancy theory, Cola has some advantages over hot drinks. Expectancy theory suggests that behavior is largely pulled by expectations of achieving desirable outcomes- positive incentives- rather than pushed from within. We choose one product over another because we expect this choice to have more positive consequences for us.

Consumers claimed that cola represented youth and convenience, whereas tea was mainly consumed by older people and it was not convenient. As one of the participants quoted "I can not think of my grandmother drinking cola to quench her thirst. It sounds funny".

If we conclude according to the expectancy theory, the pulled drive is belonging to youth which is perceived positive, instead of being considered as old which is perceived negative according to the consumers' values.

As consumers' values play an important role in his or her consumption activities, incorporating the values of cola consumption may help us to identify the motives.

According to the Means-End chain model, very specific product attributes are linked at levels of increasing abstraction to terminal values. That specific product attribute has an end state that are valued by the consumers. If we try to analyze some special attributes of

cola product, quoted by consumers, we can identify some end states by consuming cola product. As seen in the following means ends chains analysis, the basic motives for the cola purchase are:

- i) Self satisfaction
- ii) youth, popularity, power
- iii) self esteem
- iv) belongingness

The means ends chain analysis can be seen in Chart 9.

Chart 9: Means Ends Chain for Cola Consumption

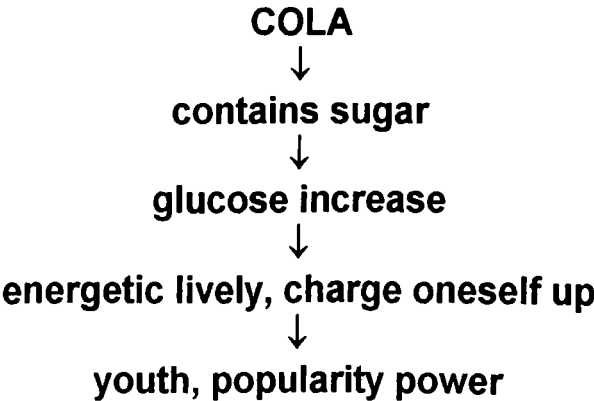
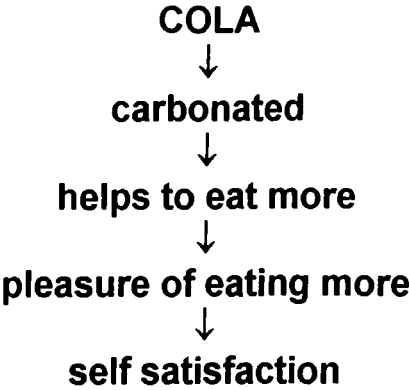
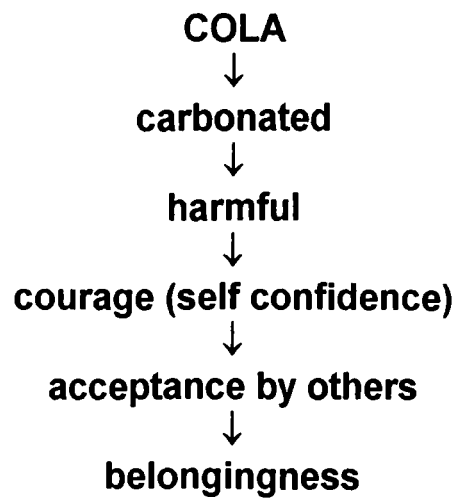
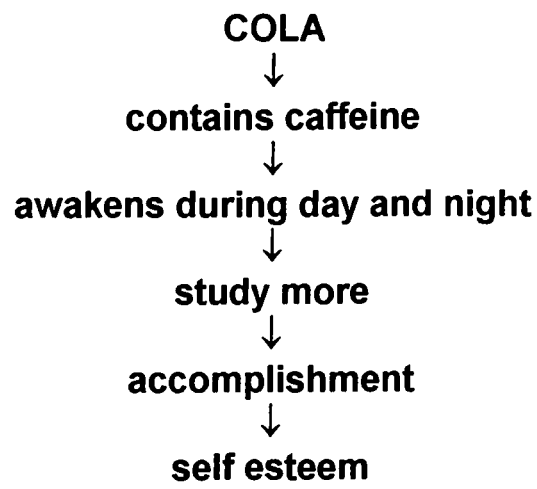


Chart 9:(Continued) Means Ends Chain for Cola Consumption



If we conclude the decision making process and the motives for the cola product, we can see that consumers recognize the need for soft drinks during three main occasions which are thirst and refreshment, with meals and for social purposes. Consumers identify cold drinks and hot drinks as two alternatives, to satisfy their needs in those occasions. Cold drinks represent youth and socialization, whereas hot drinks also represent socialization however associated with old people.

The basic motives for cola consumption can be defined as the self-satisfaction, youth and popularity, self esteem and belongingness.

We can now make a S.W.O.T. analysis for Coca-Cola with the market background information, the marketing strategies of Coca-Cola and Pepsi and the brand images of both brands. After that we can make some recommendations to Coca-Cola Co. by combining the S.W.O.T. analysis and the motives and decision making process for cola product.

6. S.W.O.T. ANALYSIS and RECOMMENDATIONS

In the previous chapters, the current situation of Turkish cola market, brand images of Coca-Cola and Pepsi and the buying motives and decision making process for cola product according to the qualitative research learnings were presented. In this chapter, we are going to make a S.W.O.T. analysis for Coca-Cola Co. by combining the Turkish cola market data, the interviews made with the brand managers of Coca-Cola and Pepsi and the findings of the qualitative research.

6.1 Strengths:

- Being price leader helps Coca-Cola Co. to enjoy higher revenues than the competitor, assuming that the costs of the both companies are same.
- Coca-Cola was able to create a differential advantage by its contour bottle design on a mature product. "The real taste in the real bottle" has a very high recall by the consumers.
- One of the most remembered elements from the advertisements of Coca-Cola is its jingle. This jingle uniformity helps consistency through time and gives Coca-Cola the advantage to use radio advertisements more effectively when compared to Pepsi.
- Coca-Cola is perceived as a more prestigious product when compared to Pepsi.
- Coca-Cola's taste is preferred over Pepsi's taste even among non loyal consumers.
- Coca-Cola is the perceived brand by consumers when both brands are available

6.2 Weaknesses:

- Pepsi is more effective in sponsorship of public events. The concerts that Pepsi-Cola organized in Turkey created a great enthusiasm and this helped Pepsi to be associated with music and youth stronger than Coca-Cola.
- Pepsi is offering exclusivity fees to the retailers. This execution helps Pepsi to obtain more effective distribution vs Coca-Cola.
- Pepsi is considered as more innovative than Coca-Cola.

- Pepsi Max's strong image was accepted very positive by the consumers
- Pepsi has a younger image than Coca-Cola.

6.3 Opportunities:

- Carbonated soft drinks market is growing at a 15% per year, and the per capita consumption is very low in Turkey when compared to other countries.

6.4 Threats:

- Pepsi is targeting the same consumers with Coca-Cola
- Price is an important criteria for brand selection and Pepsi is priced lower than Coca-Cola
- Pepsi's New Generation campaign created a very positive consumer response
- The harmful image of cola product itself
- Tea and coffee are perceived to be a good alternative to cola for social purposes.
- The low brand loyalty in the cola product category in Turkey causes consumers to switch brands easily

If we derive a conclusion from the S.W.O.T. analysis, we can see that Coca-Cola has got very strong strengths over Pepsi, mainly on communicating its image to the consumers. Also creating a differentiation on a mature product like cola is one of the key advantage for Coca-Cola. However the recent public events that Pepsi implemented with their "New Generation" campaign helped Pepsi to improve its image. Additionally, the competitive activities that Pepsi is implementing such as the exclusivity offers to the retailers, prevents Coca-Cola to utilize one of its major advantage, being the preferred brand when both brands are available. As a last point Coca-Cola should also define tea and coffee as a major competitor besides Pepsi as they are perceived good alternatives to cola product itself.

6.5 Recommendations

When we look at the S.W.O.T. analysis, Pepsi is assigning a great importance to improve their image by the new campaigns and by the public events. This helps Pepsi to be described as more innovative. Coca-Cola also organizes public events, however these events are described as being same every time by the consumers, so this results in Coca-Cola's image being perceived as tired and old when compared to Pepsi. In order to recover this old and tired image Coca-Cola should find some innovative campaigns and public events by keeping its strong signs such as the contour bottle, always Coca-Cola, being a prestigious product. For example Coca-Cola can sponsor the events like youth sports tournaments by inviting famous sports heroes to the tournaments, so that it can create excitement.

As the per capita consumption is very low in Turkey, Coca-Cola should present some consumption occasions different than the current ones to increase the market size, which would also help them to improve their business. A possible alternative occasion that Coca-Cola can present may be communicating the students to drink Coca-Cola while studying as it refreshes and this may be accepted by the consumers as they believe that the caffeine in the product helps them to stay awakened.

One of the barriers for high consumption is cola's being perceived as harmful to health. Coca-Cola may overcome this image by developing advertisements that shows caring mothers offering Coca-Cola to their children. An alternative to overcome this image can be by using the reference groups for consumers which are mainly the friends in this case and developing advertisements in which the friends can be shown drinking Coca-Cola late at night or at the breakfast as these times are believed to be not good times for cola consumption.

As Coca-Cola is preferred when both brands are available, Pepsi's exclusivity implementations cause Coca-Cola not to use its advantage. Coca-Cola should prepare a plan to react to Pepsi's exclusivity implementations. In my opinion Coca-Cola is not acting right by not taking Pepsi's exclusivity implementations into consideration. Coca-Cola should react to these activities by offering some fees to the retailers. However, as they have the advantage of being perceived over Coca-Cola, they should not offer exclusivity fees, they should only offer some fees to be sold as the second brand in the retailers which only sell Pepsi.

Also the restaurants and cafes in Turkey mostly offer one brand. Coca-Cola can influence these restaurants and cafes to sell both brands so that Coca-Cola can further exploit the advantage of being the preferred brand over Pepsi.

As tea and coffee are perceived as a good alternative to cola Coca-Cola can implement some sampling activities such as offering Coca-Cola to the people who drink tea or coffee at the cafe's. Also Coca-Cola can develop some advertisements communicating the convenience of Coca-Cola over tea and coffee and offering people to consume Coca-Cola for social purposes instead of consuming tea or coffee.

The high percentage of young population is a good opportunity for Coca-Cola to grow the brand loyalty. Marketing plans to increase loyalty should be implemented by Coca-Cola. Coca-Cola can develop some campaigns in the schools so as to create loyal consumers at the young ages. These campaigns may be offering a free Coca-Cola during the lunch time, or design some special days at the schools in which the famous people visit the schools. Coca-Cola can also organize some concerts in the schools in which the student music groups take place and the students who buy a Coca-Cola can enter these concerts.

Finally, I recommend to Coca-Cola Co. to implement in-depth consumer researches in every part of Turkey so as to better explain the different consumer groups needs, brand images

and decision making processes based on the results of this research. Besides the researches in Turkey Coca-Cola Co. should also implement similar in-depth consumer researches in different countries in different regions and derive conclusions from the aggregate of all researches. This would help Coca-Cola Co. to improve their global strategies and by knowing the local differences, they can have local implementations of the global strategy, which in short can be defined as following a "Glocal" strategy.

APPENDIX 1.

Interviews made by the brand managers of Coca-Cola (Şule Çelik Yazıcı), and Pepsi (Murat Akyıldız)

In order to obtain information about the marketing strategies of Coca-Cola and Pepsi, an interview was made with each brand manager. The interviews lasted around 1 hours.

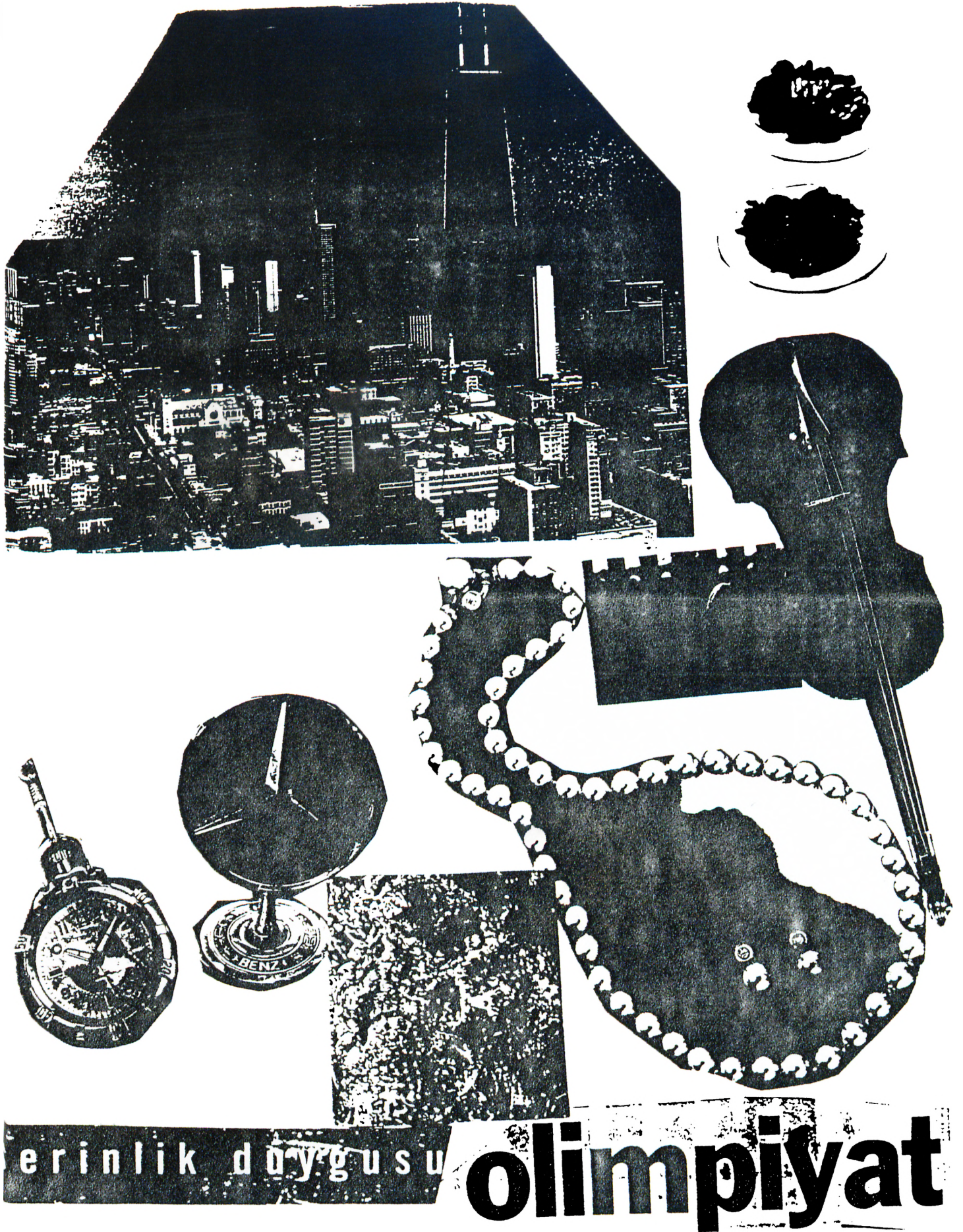
Both of the interviews started with an introduction of myself and then the aim of this study and the aim of the meeting.

Both brand managers were requested to provide information on the marketing strategies of the brands, mainly on the 4P's.

APPENDIX : 2

FOCUS GROUP WRITTEN QUESTIONS

1. Your Age
2. If Coca-Cola and Pepsi were to be human beings, what type of a person would they be? Please draw.
3. If both brands were to be a car brand, which brand would they be?
4. Please describe Coca-Cola and Pepsi as a human being by 5 words.
5. Which advertisements do you remember?
6. What are the important factors that effect your purchasing decision?
Advertisements, Price, Taste, Availability, Other
7. Burak and Asli are shopping at a supermarket. When they come in front of the cola shelf, they start to discuss. They can not decide which brand to choose.
Burak: Let's buy Pepsi because.....
Asli: Let's buy Coca-Cola, because
At last they selectbrand.
8. What are the similar and opposite sides of Pepsi and Coca Cola?



Daima Birinci

Bazı çocuklar,
yeşili sadece
saksıdaki
çiçekten
tanıyor.



**HEDİYE
!!!**

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