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CAMPA COLA: CAN A HOME GROWN BRAND TAKE ON MNCS?- AN CASE STUDY BASED ANALYSIS

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ABSTRACT

The news, Mukesh Ambani-led Reliance Industries Limited (RIL) has acquired the famous Campa Cola brand from New Delhi-based Pure Drinks Group for an estimated amount of Rs 22 crore has stirred up a bout of nostalgia for the generation who grew up in India during the 80s. Interestingly enough, only one generation of Indians were deprived of the global cola brands – Coke and Pepsi, those who began to consume aerated soft drinks between the exile period of 1977 – 1991 [1]. When the foreign brands relaunched in India in the early 90s, Ramesh Chauhan of Thums Up fame sold out to Coke anticipating aggressive power flexing, global brand image, improved supply chain logistics omnificent of an MNC. But India of 1991 and India circa 2023 is a big difference. Today, Campa Cola has the backing of Reliance with deep pockets, ***experience*** *of managing mega projects of global scale, world class operations and economies of scale, ability to engage in active price-wars and emerge successfully is a different ball game altogether [1]. Is Reliance trying to create a niche market with the generation (now in their 50s) as a market entry strategy or use its prior experience of cut-throat pricing and cross-subsidization to scale up the markets to international size through its retail business? Campa Cola has an even chance of success in its second innings. Can it turn the odds in its favour?*

Keywords: Campa Cola, Reliance Industries Limited (RIL), Nostalgia, Market Entry Strategy, Cross-Subsidization

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A: BACKGROUND

Mumbai-based beverages manufacturer Pure Drinks Group was the sole distributor of Coca-Cola in India from 1949 to the 1970s. It launched its own brand Campa Cola in the late 1970s when the stringent FERA regime witnessed the exit of many MNCs from India, including Coca-Cola[2]. It exited the country by the Morarji Desai government for refusing to part with its secret formulation and dilute its stake. Charanjit Singh, the promoter of Pure Drinks that was then making Coca Cola at its plants, was robbed of his business while he had a substantial workforce on his rolls who would be out of a job due to the government’s decision. Since he already had the facilities, he leveraged it to launch Campa Cola. It had to compete with two other brands - state-owned Double Seven and Thumps Up, that was launched the same year by Parle’s Ramesh Chauhan. Campa Cola gained market share at the expense of Double Seven, whose taste did not find much favour with consumers [2]. It soon became the market leader in the aerated beverages (popularly known as soft drinks) segment. Later on, it introduced Campa Orange, the orange-flavoured tangy drink. The group had two bottling plants in Mumbai and Delhi. Its famous slogan was ‘The Great Indian Taste’.

Its business started shrinking in the 1990s after the Indian government brought in liberalisation rules, which led to the re-entry of international giants like PepsiCo and Coca-Cola [3]. The brand's popularity ultimately fizzled out leading to a deep financial crisis. This re-entry by the two mega MNC brands was instrumental in the fall of Campa Cola. With the ‘real thing’ available, demand for Campa Cola, at best an imitation, dwindled. In the next ten years it was all downhill and by 2000, it could not be seen anywhere except probably in Haryana, where a small amount was still being bottled. According to an article by in The Hindu, the economic liberalization during the early 1990s had a devastating impact not only on the indigenous Indian carbonated beverage industry but also on smaller brands like 'Rim Zim' and particularly the brand Campa Cola, pushing them to the outskirts of a few small towns in India [4].

1. Introduction

Mukesh Ambani-led Reliance Industries Limited (RIL) has acquired the famous Campa brand from New Delhi-based Pure Drinks Group for an estimated amount of Rs 22 crore. On August 29, 2022 during the 45th annual general meeting of Reliance Industries, Isha Ambani, (daughter of Mukesh Ambani) director of Reliance Retail Ventures Ltd, said that the retail arm of the company is ready to enter the FMCG segment [5]. Her company, Reliance Retail Ventures, will launch the FMCG business with a vision to develop and deliver high-quality, affordable products, which would cater to the daily needs of Indians. It is to be noted that Reliance Retail is not new in the business and already has a strong base in the sector. It has various private labels which are sold at its grocery chain stores, such as Reliance Smart, Reliance Mart, and its online grocery platform Jio Mart. Brands like Yeah! Colas and Snac-Tac noodles are a few brands owned by the company. The private labels, including in the fashion and lifestyle segment, contribute 65 per cent to the company’s revenue [5]. Reliance Retail has launched over 2500 stores in 2022 alone, taking the total store count to over 15000 with an operational area of 42 million square feet. During the same AGM, Mukesh Ambani declared that Isha would lead the retail business, while Akash Ambani will look into the telecom unit including Reliance Jio Infocomm, and his youngest son Anant will take over the energy business of the group. In pursuance, Mukesh Ambani has laid down a clear cut succession plan, unlike his late father Dhirubhai. Both Reliance Retail and Reliance Jio are subsidiaries of the primary oil-to-telecom conglomerate Reliance Industries Ltd (RIL).

The company said in a statement that the brand will be made available first in Andhra Pradesh and Telangana, and rolled out across the country in stages [6]. “The launch of this brand is in line with the company’s strategy to promote home-grown Indian brands that not only have a rich heritage, but also boast a deep-rooted connect with Indian consumers due to their unique tastes and flavours,” company sources mentioned.

RIL is India's largest private sector company, with a market capitalization of over $180 billion. The company is led by Mukesh Ambani, one of India's most successful businessmen. Under Ambani's leadership, RIL has become a diversified conglomerate with interests in a wide range of industries, including petrochemicals, refining, oil and gas exploration, retail, and telecommunications [7]. Ambani has also been focused on expanding RIL's retail business. In 2020, RIL acquired the retail, logistics, and warehousing businesses of Future Group, one of India's largest retail chains. This acquisition has helped RIL to strengthen its position in the Indian retail market and expand its presence in new categories such as fashion and grocery. It is the largest retailer in India, with a presence in over 7000 cities and towns across the country. The company operates a wide range of retail formats, including supermarkets, hypermarkets, convenience stores, and specialty stores.

Reliance Retail has been successful in capturing a significant share of the Indian retail market, thanks to its strong supply chain and distribution network. The company has invested heavily in building its supply chain infrastructure, which includes warehouses, logistics centres, and transportation fleets. This has enabled the company to efficiently manage its inventory and reduce its operational costs, which has helped it to offer competitive prices to customers. The company's retail formats cater to a wide range of customer segments, from value-conscious shoppers to premium customers. Its hypermarket format, Reliance Fresh, offers a wide range of products, including fresh produce, groceries, electronics, and apparel. The company's specialty stores, such as Reliance Digital and Reliance Trends, offer a curated selection of products in specific categories, such as electronics and fashion. In addition to its retail operations, Reliance Retail has also ventured into e-commerce through its platform, JioMart. JioMart is an online grocery delivery service that leverages Reliance Retail's supply chain and distribution network to offer customers a seamless shopping experience. The platform has seen significant growth in recent years, thanks to the increasing demand for online shopping in India. Overall, Reliance Retail has been successful in building a strong retail business in India, thanks to its focus on supply chain efficiency and customer-centric retail formats. With its foray into e-commerce, the company is well-positioned to capitalize on the growing demand for online shopping in India as well.

“Campa Cola is a classic Indian brand; it is right to get a new home. Reliance has the reach, and it is a good brand for Campa. The brand has memories attached to it and is expected to draw in on the loyalty factor,” Harish Bijoor, brand strategy expert told Business Line. “Reliance Industries is now all set to breathe new life into the brand, banking on the nostalgia of the 70s and 80s generation while also hoping that it will catch the fancy and taste buds of a new generation of consumers. “It is going to be difficult for Reliance to do it,” said Santosh Desai, CEO, of Future Brands in contrast. “Reliance is not an FMCG company and has acquired consumers by pricing, it can acquire many consumers in great deals but not Cola. They also cannot connect with the younger Gen Z. Campa Cola is also not a pan India brand. However, Reliance Consumer is optimistic about its appeal. “By presenting Campa in its new avatar, we hope to inspire consumers across generations to embrace this truly iconic brand and trigger a new excitement in the beverage segment,” it said. With “The Great Indian Taste” as the slogan, and a snappy teaser ad, the drink is priced competitively at ₹10 for a 200 ml bottle and ₹20 for a 500 ml bottle (prices one notch below competition). It also comes in on-the-go sharing packs of 1 and 2 litre for home consumption.

With 50 years of rich heritage, Campa's contemporary cut-through character is set to offer Indian consumers 'The Great Indian Taste' this summer. “By presenting Campa in its new avatar, we hope to inspire consumers across generations to embrace this truly iconic brand and trigger a new excitement in the beverage segment,” said Reliance spokesperson.

2. Soft Drink Industry in India

Aerated beverages market can be categorized into two main types: Carbonated Soft Drinks (CSD) and Non-Carbonated Energy Drinks (NED). CSD can be further divided into cola-flavoured, lime-lemon flavoured, orange flavoured and other variations. This market in India is currently valued at $18 billion, and it is projected to grow at a CAGR of 17.6%. CSD constitute over 40% of the total soft drink segment in India. The industry has observed a value growth of 11% CAGR and a volume growth of 5% CAGR over the past two years. In a year, approximately 5.9 billion litres of CSD are consumed. Lemonade and lime-based carbonates are anticipated to experience the most rapid growth owing to their increasing popularity as mixers in alcoholic beverages. The growth of the soft drink market in India can be attributed to several factors. One such factor is the rise in disposable incomes and the increasing adoption of western culture and lifestyle. Another driving force is the demand from a large share of the young population. India has a demographically young market, with more than 45% of the population below the age of 25. It has been observed that, customers in this segment havea liberal mind-set when it comes to making purchasing decisions. Furthermore, the industry has benefited from the growing popularity of fast-food and quick-service restaurants (QSR) segment. The Indian government has also played a role in promoting the growth of the soft drink industry by implementing favourable policies and regulations. For instance, the government has reduced indirect taxes on aerated drinks, thereby lowering production costs for manufacturers. Additionally, 100% Foreign Direct Investment (FDI) has been allowed in the food processing sector, attracting foreign companies to invest in the Indian market. With 80 million drinkers each week across the brands and penetration level of 25 to 26 percent, Coca Cola enjoyed the vantage position in this $18 billion CSD market in which company’s share is 60 percent followed by 30 percent of Pepsi. In the cola segment, Thums Up and Coke were ahead of Pepsi. Likewise, Sprite a lemon drink from Coca Cola led the market ahead of Pepsi co’s Mountain Dew. In energy drink, PepsiCo’s Sting could build a lead over its rivals. In the non-carbonated space Coke’s Maaza and Pepsi’s Tropicana and Slice led the market ahead of Dabur’s Real, Parle Argo’s Frooti and ITC’s B-Natural. These brands were positioned on different platforms **(Exhibit - I)**

3. Challenges & Bottlenecks

Currently, the urban segment holds a major market share in the carbonated non-alcoholic market, but the rural segment is expected to gain traction. Geographically, majority of the consumers are located in the Western part of India, followed by the Southern region where people experience diverse weather conditions. However, the growth of sugary carbonated drinks has also slowed down in the recent years as some consumers have become aware of the potential health hazards associated with such beverages. This has led to an increased interest in ‘natural’ options with plant-based ingredients such as botanicals, herbs, and nut-milk. Additionally, the sales of carbonated drinks have declined in cities like Bangalore and New Delhi due to a shift in consumer preferences towards fresh juice consumption.

The way forward for the soft-drink industry lies in restoring volume growth by increasing per capita consumption and competing with other Fast-Moving Consumer Goods (FMCG) categories such as salty snacks, chocolates, and biscuits. Furthermore, the consumption of soft drinks in India is not yet ingrained as a regular habit, unlike in Western countries where people consume them on a regular basis.

In India, soft drinks are primarily consumed during the summer season as the demand for soft drinks is largely influenced by weather conditions. Consequently, managing the distribution levels in response to seasonal market demand and dealing with expired or unsold inventory pose significant challenges in terms of both time and cost. However, despite the constraints, according to a report from market research firm Research and Markets, the Indian carbonated beverages market was valued at $18 billion.

Due to the perishable nature of the industry, efficient distribution is a major hurdle in both backward and downward supply chains. Soft drinks cannot be stored on shelves for extended periods as their best use cycle is less than six months. Therefore, reducing the distribution time is a crucial challenge that could lead to substantial cost savings. For instance, if a soft drink has a six-month expiry period but takes one month to reach the final consumer, its sales volume is delayed by one month, resulting in a complete waste of time and money. Thus, establishing a robust distribution channel is essential for success. Additionally, another challenge lies in packaging the drink to ensure its freshness and quality until it reaches the final consumer. With an estimated 9 million retail outlets in the country, Coca-Cola products are only available in 2.6 million stores. Moreover, price is a significant factor in the competition among beverage brands. They often set prices similar to their competitors' products. For a new brand with limited product varieties entering the market, it can be challenging to have strong bargaining power within the supply chain. This is one of the reasons why ‘Paper Boat’ recently introduced a range of fruit-based beverages.

B: RELIANCE’S COMPETITIVE POSITION & DISTINCT ADVANTAGES

1. Reliance’s Strategies

"Coca-Cola and Pepsi are unused to a nationwide challenge, and Reliance has the financial muscle and reach to challenge them with a local brand with high nostalgic value," said Amulya Pandit, a consultant at Euro Monitor International. A person with direct knowledge of Reliance's plan said it aims to open some factories of its own or as joint ventures to make Campa, and take the soda to hotels, restaurants and in-flight sales. Production of Campa is currently outsourced, after its acquisition of the brand last year. The company is heavily discounting in-store prices. A two-litre Campa Cola bottle is priced at 49 rupees (60 US cents) in stores, a near 50% discount on its label price, and around a third lower than 2.25-litre Coke and Pepsi variants, a Reuters check showed. The smallest bottles of Campa Cola and Coke both cost ₹10, while Pepsi starts from ₹12."The price will be disruptive across," said the analyst, who added “Reliance is planning an advertising spree during the upcoming cricket season and is in talks with at least three teams to make Campa their refreshment partner. Will this deep-discounting mechanism which has worked in the past enable Reliance to take Coke – Pepsi head on and recreate new markets?

2. Penetration Pricing

Rewinding to the last quarter of 1998, Reliance was exploring entering the telecom market as they had used a lot of technology on communication and information system while setting up the Jamnagar refinery. They were perhaps among the earliest to install giga-bit Ethernet capacity and video conferencing for its captive consumption. Mukesh (elder son) of Dhirubhai Amabani was by and large convinced that Infocomm was going to be the business of the future and the group had all the capabilities to handle this. However, the telecom market then was highly over-regulated and prices were phenomenally high, which restricted growth. The mobile penetration then was about 1 million users.

With the New Telecom Policy (NTP) in place in 1999 a lot of the restrictions and barriers to growth were done away with. In 2000, the mobile call rates in India were relatively high, and calling from a mobile phone was considered a luxury. At that time, the mobile market was dominated by two state-owned companies, BSNL and MTNL. Clearly, their hopes rest on the fact that mobile penetration could be increased exponentially to international standards by breaking the price barrier.

When the group was working on the CAPEX, people were talking about $(18-20) billion for its proposed scale of operations, international vendors quoted $ 2 billion to set the back-office for the network. Using their prior experience in backward and horizontal integration they developed the entire software in-house at a mere $350 million. Next, using the then CDMA technology it launched ‘Monsoon Hungama’ plan in 2003 at a projected 20 paise per minute call which was roughly $1/5^{th}$ the tariff of the lowest plan of its leading competitor at that point of time. Further, with availability of handsets at a cross-subsidised price of a mere Rs.501 roughly $1/10^{th}$ of that of its leading competitor, the number of mobile phone users in India had exploded to 500 million by 2010, making it one of the largest mobile markets in the world. Most interestingly, Reliance then was the second-largest mobile service provider in India, with a market share of around 16% in a highly fragmented market. Going forward Reliance has rapidly gained market share in recent years and is currently the largest mobile service provider in India, with a market share of around 35%. The company has disrupted the market with its affordable data plans and has attracted millions of new users since its launch. Also the group’s strategy on pricing is very clear, it should neither be predatory or discriminatory as well no cross-subsidy from other businesses. And most importantly, this is not the first time, Reliance has adopted this same deep-discount strategy in its other product – market segments as well, mainly textiles in the early 80s. Can it replicate this same strategy in the current soft-drinks segment?

3. Mega Project & Supply Chain Management

In 1977, when Reliance was setting up its first backward integration plant for manufacturing 10000 mtpa of polyester filament yarn at Patalganga, Maharashtra over a 300-acre plot, the total capacity of the project was 20 times larger than its leading competitor for a project of similar size. This approach represented a major departure from the ‘normal’ business practice of that time based on incrementalism. Instead of creating a ‘safe’ capacity based on historical projection of demand; the group applied ‘world scale’ capacity that would meet cost and quality standards on a global basis. According to H T Parekh, the then head of ICICI who had sanctioned the group’s first institutional loan had commented, ‘Dhirubhai always spoke of international standards and sizes. Initially, I admit I had some doubts whether he would really be able to carry it through. But he has disproved me his resourcefulness time and again’. The fundamental difference between Reliance’s growth strategy was that Dhirubhai saw things that were hidden to its competitors. In most cases user industries were held back due to non-availability of supplies. Most companies would typically do a market survey and arrive a current usage, say at 2000 mtpa. They would then project the usage into the future and arrive at an estimated demand, say at 5000 mtpa. They would then set up a facility of say at, 3000 mtpa depending on their projections of market or volume share. Dhirubhai threw that incrementalism mind-set away. He would create capacity ahead of demand and on the basis of latent demand. Then he would systematically remove the barriers and constraints that was holding back the demand, mostly radically breaking the price barrier. The groups confidence in the future stems from its high degree of vertical and horizontal integration, leading to cost savings – a formidable entry barrier.

In the U.S. cola is positioned as a lifestyle drink; in contrast, in India it is perceived as a summer drink. Hence the market in India is seasonal and per-capita consumption of soft drinks are much lesser compared to the Other markets **(Exhibit II)** Is this a distinct opportunity or a threat?

4. Sales & Distribution Networks

Dhirubhai Ambani set up ‘Reliance Commercial Corporation’ in 1959 with an initial capital of Rs.15000 after a brief stint with lubricant major – Shell in Yemen. He started exporting ginger, cardamom, turmeric, cinnamon and other spices to the West Asian Markets where he had established links during his initial travel days. He later branched out to trading of Fabrics and yarn, following a heavy demand for rayon in India in the mid-1960s. Later, the group used its ‘Export Replenishment Certificate’ to import rayon in India and sell them at a premium in the local market. Subsequently, when nylon started getting popular in India, it began exporting rayon and imported nylon in exchange. The healthy margins ranging (100-300) % from that of import of nylon provided more than compensated for the loss made on export of rayon. Finding good quality rayon for export with volumes was proving to be increasingly difficult. As a measure of backward integration the group started its first rayon plant in Naroda, Gujarat at a total outlay of Rs.2.7 million in 1966. During the late-1960s, nylon, like rayon earlier, was steadily losing ground to another man-made fibre i.e. polyester. In 1971, to bring in polyester into India, the government allowed import of polyester under favourable terms against export of polyester. Already in a similar line of trade, it took advantage of the scheme and within a short period of time built-up distribution networks to account for 60% of nylon trade in India. Its proven skills for building markets from the scratch and recreate new segments were by far unmatched.

Historically, the textile market in India had a three tier structure, Manufacturer - Wholesaler – Retailer. The market dynamics was such, that whole trade centred in and around Mumbai heavily controlled the same. Not satisfied with the distribution structure, it opted to bypass the wholesale trade by investing in retail showrooms – both its own and franchised, across the country. While its leading competitor had innovated this practice, Reliance pursued this strategy on a grand scale. By 1980s, Reliance fabrics were available pan India under the private label – ‘Only Vimal’ across 50+ company owned outlets, over a 1000+ franchised outlets and more than 20000 retail outlets. Not only did it outspend its competition, its advertising budgets including operating margins was the highest for all product – market segments. This is a strategy Reliance has leveraged time and again. Can it repeat the same!

C: MNC’S POSSIBLE RETALIATION

1. Mexico – Leveraging Culture & Lifestyle

Cola MNCs have a long history of competing with local beverages. In the early 20th century, they aggressively marketed its products in countries around the world, often at the expense of local brands. They have been fighting against local cola brands in a number of countries, including: China, Indonesia, Mexico, India among others. In Mexico, for example, Coca-Cola and Pepsi have been accused of using their market power to drive out smaller, local brands. In 2012, the last time the Coca-Cola Company published data on the popularity of its beverages, Mexicans guzzled 50% more per person than citizens of anywhere else. Drinking Coke “is a ritual, like [drinking] red wine for the French”, says Álvaro Aguilar, owner of a burger joints in Jalisco, a western state.

The dominance of coca cola in Mexico could be attributed to its omnipresence distribution network which made their products available in the remotest area. In recent years, Mexico has seen a growing health concern over the consumption of sugary drinks. In response, the government has issued warning labels on Coca-Cola and Pepsi products, and some states have banned the sale of these drinks to minors. Coca-Cola has responded to these challenges by adapting its products and its business practices. In 2018, the company reduced the sugar content in its Coke recipe for Mexican consumers. The company has also pledged to buy more Mexican goods for its other drinks, and to support the country's 1.2 million Coca-Cola-sellers. Coca-Cola is determined to remain Mexico's national drink, and it is willing to make changes to its products and its business practices in order to do so.

2. China – Think Globally & Act Locally

In the 1980s, multinational companies entered the Chinese soft drink market and introduced marketing, advanced production technology, and cutting-edge management expertise. Both Pepsi Cola and Coca Cola entered the market through joint ventures. China's entry into the World Trade Organization (WTO) in 2001 accelerated the development of the soft drink industry, and competition increased as restrictions on foreign investment were lifted. Before Pepsi Cola and Coca Cola entered China, more than 10 domestic cola manufacturers produced cola, but with little marketing as revenues remained small. The arrival of the two multinational giants made it difficult for local producers to compete, and many either withdrew from the market or established joint bottling ventures with the two giants. When Coca-Cola first entered the Chinese market in the 1980s, it faced a number of challenges. The taste of Coke was unfamiliar to many Chinese consumers, and most people preferred to drink their beverages warm, not cold. To overcome these challenges, Coca-Cola implemented a number of innovative marketing strategies. One of the most successful strategies was to create unique branded experiences for Chinese consumers. For example, Coca-Cola staff would go to shopping malls in Beijing and promote the beverage by giving away Coca-Cola balloons and chopsticks for every bottle of Coke sold. This initiative was a huge success, and it helped to make Coke more popular with Chinese consumers. In 1986, Coca-Cola aired the first foreign advertisement on China Central Television (CCTV), the only national TV network in China. This advertisement was also a huge success, and it helped to further increase Coke's popularity in China. In quest to boost its distribution, the company attempted to acquire 'Huiyuan' a Chinese fruit and vegetable juice company that controlled 8.5% of the Chinese market and 40% of the pure juice market. However, the bid failed due to concerns from the Chinese government that Coca-Cola would gain too much market power. This setback was a blow to Coca-Cola's plans to grow rapidly in the juice sector. Despite this setback, Coca-Cola has continued to grow its presence in China through its strong collaboration with McDonald's. As the sole soft drink supplier for the chain, Coca-Cola has benefited from McDonald's vast network of restaurants across China. This collaboration has helped to increase sales and awareness of the Coke brand in China **(Exhibit - II)**

3. Indonesia – Standardization Vs Customization

Cola Majors have a long history in Indonesia, also. They had a strong brand recognition and wide distribution reach, which helped them establish a strong foothold in the country. However, the Indonesian market remained highly competitive, with a number of major players vying for market share. These include Coca-Cola, Pepsi, Danone, AJE (a Peruvian cola producer), Asahi and Suntory (both from Japan), and Indonesian powerhouses Indofood, Wings and Sosro. "There is an increasing level of competitive intensity and the soft drink production capacity doubling in the next five to eight years, there will be a tough place to be" said Nader Elkhweet, a partner at management consultancy company Bain & Company in Jakarta.

In a highly competitive soft drink market, prices had been driven down since AJE cut its prices by almost 25% below those of Coca-Cola and Pepsi. This triggered other players, such as Indofood, to also cut their prices. As a result, Coca-Cola and Pepsi were forced to lower their prices as well.

In order to compete with indigenous companies, Coca-Cola continued to expand its presence in the functional energy category. Fanta continued to grow. This was due to a successful marketing campaign and strong in-store execution during local festivals. Globally, coca cola was committed to reduce sugar content across the drink portfolio, In Indonesia too, they had a target to reduce average sugar per 100 ml by 35% by 2025. In line of this, Coca Cola launched Fanta Zero sugar. Fanta and Sprite connected with local festivities and culture. In fasting season, while other brands in Indonesia used religious imagery to communicate, Sprite wanted to be truthful to what consumers really experience during Ramadan: hunger and thirst

Coca Cola has standardized product which basically is their secret formula that they sell all over the world, they do not change the formula without permission from headquarter because it always remained core value of their product and it was their innovation that differentiated them from competitors by far. The same thing also happens to their bottle packaging. However, in downstream activities such as marketing and sales, the company is more adaptive the local people and tend to use local actress as the brand ambassador. Coca Cola Amatil Indonesia today uses tagline “Rasakan Momennya”, which is in translation “Feel the Moment” for their Indonesia marketing campaign and chose Tatjana Saphira, Eva Celia Latjuba, and Arifin Putra, famous young Indonesia actress as their brand ambassadors because they consider Asia to be their strategic priority (**Exhibit - IV)**

4. India – The Emerging Battleground

The cola wars in India have a long history, marked by political and nationalist sentiments. American colas faced suspicion and criticism, with slogans like "We want computer chips, not potato chips!" being chanted in Parliament. The re-entry of Pepsi and Coca-Cola in the 1990s intensified the cola wars, fought through advertising on India's liberalized television sets. Since its re-entry both the cola majors found India as one of the strategic destination providing huge potential viz. a 140 core population as per capita consumption of carbonated beverages in India remained one of the lowest **(Exhibit - II)**. But both the companies followed different strategies to capitalize the potential of Indian market. While Pepsi focussed more on food and beverage, Coca Cola remained quintessentially a beverage company. While re-entering in India, Coca Cola bought Thumps Up, Gold Spot, Limca, Citra, Maaza and Rimzim from Bisleri promoter Ramesh Chauhan for an estimated $40 million. In 1996, it became the sponsor of the ODI cricket world cup played in the sub-continent. In 2003, it launched a nationwide campaign ‘Thanda Matlab Coca Cola’ making Coca Cola synonymous with the generic need for cold drink. 2007 onwards Coca Cola started venturing beyond Cola. In 2007 it launched Minute maid Juice, 2016 it entered into value added dairy products by launching VIO followed by its entry into enhanced hydration space by launching Aquarius Glucocharge.

Coca Cola kept on experimenting with new variants. It leveraged its popular brand by introducing number of line extension. Brand Maaza since it acquired in 1993 remained one of the promising brand in Coca Cola brand stable [8]. The core essence of the brand was synonymous with mangoes in India. Coca Cola launched a new variant of Maaza ‘Aam Panna’ to capitalize the old rituals of Indian to drink Aam Panna or Aam Jhora made of green unripe mango during summer. Similarly, it has launched ‘Fanta Apple Delight’, an extension of brand Fanta to enter into fruit flavoured segment by building on its legacy of orange flavoured juice. Building on Limca’s reputation as a refreshing lemon drink, coca cola introduced Limca Sportz, a glucose and electrolyte based beverage.

Coca Cola lacks in the expertise that PepsiCo has developed over the years to manage the farmers to ensure seamless supply of raw materials for its multiple food brands, like Lays, Kurkure, Uncle Chips, etc. Pepsi remained strong fruit based drink category with its two brands slice and Tropicana. While ‘Slice’ is a mango based drink directly pitched against ‘Maaza’, Tropicana had multiple fruit variants.

The toughest challenge of Coca Cola India was energy drink. In October 2017, Pepsi Co launched ‘Sting’ an energy drink from its international portfolio. The success of ‘Sting’ remained stunning at revenue of Rs.550 crore. PepsiCo sold 30 million cases of Sting across India to 2 million outlets out of which 0.4 million outlets were exclusively ‘Sting’ outlets. Though in carbonated beverage Coca Cola India with brands like Coke, Thums Up, Sprite, Limca and Fanta remained well ahead of PepsiCo with its brands like Pepsi, 7 Up, Mountain Dew, Mirinda; **(Exhibit - V)**. Sting could take away Thums Up consumers in its biggest market Andhra Pradesh, Telangana and Uttar Pradesh. To counter Pepsi, Coca Cola launched ‘Thums Up Charged’. But the cola and energy combination did not work. Then in July 2022, Coca Cola re-launched ‘Thumps Up Charged’ as simple ‘Charged’.

Distribution networks played a vital role in both the cola major’s success. While Coca Cola could reach 2.6 million retails, PepsiCo reached 2 million retails as on 2022. Cola majors had a target to reach 4 million retails by the end of 2027. “Just increasing the number of outlets is a huge job. At the end of it, we are a hub company and the entire network has to get together” opined Sanket Ray, a member Coca Cola board, in an interview with Business Today [1]. In March 2023, India's biggest business tycoon, Mukesh Ambani, relaunched Campa Cola after acquiring it the previous year, signalling increased competition in the cola industry. Analysts believed that Campa Cola's re-launch was set to compete head-on with multinational giants Coca-Cola and PepsiCo in the Indian carbonates market. Analysts further attributed this potential success to the implementation of penetration pricing, significant marketing investment, and the extensive retail distribution network of RIL. Experts further believed that this penetration pricing approach aimed to attract price-sensitive Indian consumers, particularly in rural areas, amid concerns about inflation's impact on household budgets.

Moreover, Reliance could leverage India's passion for cricket to enhance Campa's brand visibility among fans. Campa Cola could capitalize Mumbai Indian to launch an extensive marketing campaign during the Indian Premier League (IPL), a highly popular domestic cricket tournament with a viewership of over 200 million. Reliance Group, as the official sponsor of the Mumbai Indians IPL team, can also involve popular cricketers as brand ambassadors. This marketing strategy might have significant potential, considering that 29% of Indians actively seek celebrity or organizational endorsements when making purchasing decisions, according to Global Data's 2022 survey. Analysts further believed that Campa Cola's nostalgic value among Generation X and millennial cohorts, combined with the preference for domestic brands in the current localism trend, would contribute to its comeback. Reliance could leverage its offline retail and e-commerce stores to quickly bridge the gap with Coca-Cola and PepsiCo's nationwide distribution networks, thereby boosting Campa's market penetration [11]. In terms of pricing, Reliance Consumer could confidently compete with the MNCs on any attribute.

While Coca Cola and Pepsi Co both have been aggressively investing in the logistics and supply chain with the help of cloud computing, wireless technology, block chain and AI, Reliance is no laggard. It has got a legacy to redefine the scope of the industry. The question remained that can they do it again in beverage, that too against two companies who have made the entire soft drink industry a duopoly, that too globally?

CONCLUSION

CavinKare, an Indian company introduced shampoo sachets by utilizing simple customization techniques, enabling affordable access to shampoo for lower-income consumers. It helped CavinKare capture significant market share in India. It was the first company to introduce this packaging format in India. CavinKare made shampoo more accessible and affordable, especially for individuals residing in rural and semi-urban areas. Hindustan Unilever and P&G, MNCs with substantial resources, promptly followed CavinKare's lead and began selling shampoo sachets. However, CavinKare's'Chik' brand remained more cost-effective than the offerings from Hindustan Unilever and P&G. This advantage stemmed from CavinKare's status as a local company, enjoying lower overhead costs and unlearn and learn faster than global giants. By comprehending the demands of their local customer base and introducing innovative solutions, several Indian companies gained a competitive edge. Indigenous companies often could overcome the problems which MNCs could not even think of as insurmountable and scale up at the rapid pace which MNCs could not match. Further, the response time of an indigenous company given their deep understanding of local markets and their influence over the overarching 'corridors of power' is something an MNC would find difficult to match. Nevertheless, this is not to underestimate the global clout and brand power that Coke and Pepsi enjoys. The battle is on; can the war be far behind!

Exhibit – I

Indian Soft Drink Market: Positioning of different Brands

Brands	Positioning
Coca Cola	Generic Cold Beverage, Happiness, Real thing, Happiness factory
Diet Coke	Lifestyle , For those who love life,
Sprite	Sprite the spark, fresh thinking, individuality and creativity, Image is nothing
Fanta	Fanta not just uplifted feelings, but also freed spirits encouraging one to indulge in the moment
Thums Up	Taste the thunder, I will do anything for my thunder, Adventure, Masculinity
Limca	Freshness
Pepsi	Pepsi for young people, Friendship,
Diet Pepsi	Forever young, less than one calorie
7 Up	cool drink for youth, Brand as a mean of lifting spirit
Mountain Dew	There is victory beyond fear the brand encouraged youth in their moment of fear to believe in themselves
Mirinda	proposition of fun, happiness, and mischief
Sting	Unleashed Energy
Maaza	Essence of Mango

Prepared by Authors from Different Advertisements

Exhibit – II

Per Capita consumption of Carbonated Beverages (worldwide) as on 2019 -

Country	Per capita Consumption in Gallons
Mexico	634
US	618
Brazil	280
China	56
Japan	147
Russia	108
Indonesia	18
India	18
Nigeria	49
Pakistan	49

https://www.statista.com/statistics/505794/cds-per-capita-consumption-in-worlds-top-ten-population-countries/

Exhibit - III

Market Share of leading beverage companies in China

Name of the Brand	Market Share (%)
Coca Cola	14
Tingyi	12
Wahaha	7
Yangshegtang	5
CRE	5
UPC	4
Pepsi	6
Others	47

https://www.ft.com/content/b2eafa70-601a-11e4-98e6-00144feabdc0

Exhibit - IV

Country wise Revenue contribution for Coca Cola in Asia

Name of the Country	Market Share (%)
China	40
Japan	14
South Korea	3
India	12
Indonesia	3
Philippines	9
Vietnam	2
Thailand	6
Other	11

https://www.cocacolaep.com/assets/2021-CCEP-Integrated-Report-and-Form-20-F_v2-v4.pdf

Exhibit – V

Market Share of Different Brands in Carbonated Beverages in India

Name of the Brand	Market Share (%)
Fanta	5
Mirinda	5
7 Up	6
Pepsi	9
Coca Cola	12
Limca	9
Thumps up	18
Sprite	22
Mountain Dew	14

https://www.hdfcsec.com/hsl.research.pdf/Varun%20Beverages%20Ltd%20-%20Initating%20Coverage%20-%20HSLRR261121%20(1).pdf

Exhibit - VI

Home Grown Champion in Emerging Nations

Country	**Company**	**Domestic Market Position**	**Main Foreign Rivals In Local Market**
Brazil	Casas Bahia	Biggest consumer electronics retailer	Carrefour, Wal-Mart
	O Boticario	One of the largest cosmetics brand	Avon, Revlon
	Totvs	Leading ERP solution provider	SAP
China	Baidu	China's most used internet search Engine	Google
	Alibaba	Largest online retailer	Amazon
	Tencent	Largest social networking site	Facebook
China	Tingyi	One of the largest producer of soft drinks	Coca Cola, Pepsi
	Goodbaby	Largest seller of baby products	Chicco, Maclaren
	Ctrip	Biggest provider of hotel booking	Travelocity, Expedia
Indonesia	Astra International	Biggest car maker (with six foreign partners)	Honda, Suzuki
Russia	Wimm-Bill-Dann	Among the top three in fruit Juice	Danone, Coca-Cola
Mexico	Grupo Electra	Leading Retail Network	Wal-Mart
	Cemex	Leading cement company	Holchim
	Sigme Alimentos	Top Producer of frozen foods	Danone, Kraft, Nestle
India	ITC	Leader in many FMCG categories	Danone, Pepsi Co, Unilever, P&G
	CavinKare	Third Largest Shampoo Maker	Unilever, P&G, L'Oreal
	Titan	Largest watch manufacturer and retailer	Citizen, Swatch
	ICICI Bank	Biggest Private sector Bank	Citibank, HSBC

Prepared by the Authors from 'Bhattacharya Arindam & Michael Davis 'How Local companies keep multinationals at bay' Harvard Business Review, March 2008 [10]

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