**STUDY GUIDE: COLA WARS**

To help you prepare for the case discussion, here are a few questions you may want to think about when reading the case. You do NOT need to write anything in response to these questions. These are solely intended to help you prepare for the case.[[1]](#footnote-1) Note that you **can** discuss these questions amongst yourselves.

1. Which industry is more attractive: concentrate production or bottling? Why?

Concentrate production because it only relies on the arrival of raw materials to begin producing concentrate, its significant cost lied outside of its product, and has power to the supplier because of it ability to form territorial agreements due to the Soft Drink Interbrand Competition Act. The Bottling industry offered was capital intensive, relied on supply from the concentrate factories, and had no interchangeable parts between formulas. There is a high barrier of entry for competitors into concentrate industry.

1. How intense is the competition between Coke and Pepsi? How does that affect the industry?

The competition was extremely intense between the two companies, as they always trying to get customers to switch over. The competition was great for the market however, as it prevented a market monopoly, challenged innovation in both firms to increase competitive advantage and brand strength, and allowed new recipe from smaller companies to be bought out for a large amount of capital. It kept both of the firms on their feet, and one firm was never able to relax, which brought better and better products each year to the market. For instance, the introduction of natural sugars instead of high-fructose corn syrups in their classic lines. The emergence of two companies also gave more profits to the bottling and concentrate industries.

1. The case write-up assignment question is posted separately. [↑](#footnote-ref-1)