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Mini-Project

The Cola Wars is a longstanding feud that began in the 1890s between the Coca-Cola and Pepsi companies for the domination of the beverage market. It refers to a vigorous marketing campaign which escalated in the 1970s as a result of the “Pepsi Challenge” where blind taste tests suggested that many consumers preferred the taste of Pepsi over Coke. The results of the taste test also prompted Coke to change its cola formula and market the “New Coke” in 1985 but quickly change it back from the criticism they received. Despite Pepsi being the winner of the “Pepsi Challenge,” Coke has dominated the market throughout the Cola Wars. The Cola Wars had a major impact on the soft drink industry, including brand loyalty, product diversification, global expansion, and increased competition.

Both Coke and Pepsi brands were invented in the late 1890s by pharmacists as a tonic for common illnesses. Coke was created in 1886 by John Stith Pemberton in Columbus, Georgia. The cola was marketed as a cure for indigestion, headaches, morphine addiction, and a tonic for nerve disorders. To cure morphine addiction, Pemberton added cocaine to the recipe. By 1888, Pemberton sold the recipe to Asa Griggs Candler who founded the Coca-Cola Company in 1896. Like Coke, Pepsi was also created by a pharmacist. Invented in 1893 by New Bern, North Carolina pharmacist, Caleb Bradham, Pepsi was created as a cure for indigestion after he saw how successful Coca-Cola had become. In 1902 Bradham started the Pepsi-Cola company.

The rivalry between Coke and Pepsi can be traced as far back as the Great Depression, but the Cola Wars started in 1975 following the Pepsi Challenge. The Pepsi Challenge was a non-scientific study where consumers were blindfolded, given a cup each of Coke and Pepsi and asked to choose which cola they preferred. Pepsi representatives would set up tables outside of public places like malls and grocery stores to have consumers drink from two cups, one with Pepsi and the other with Coke, to determine which cola tasted better. No brand information was given to the participants just white cups, however, some of the tests would be rigged by keeping the Coke too cold for participants to taste. The challenge showed that more consumers chose Pepsi over Coke, making Pepsi the winner. In response to the outcome of the challenge, Coke changed their formula and rolled out New Coke in early 1985. Considered to be the biggest marketing mistake of the century, the rollout of New Coke was faced with immediate backlash from Coke loyalists. After three months of negative comments and losing market share, Coke relaunched its original formula back onto the market, which immediately regained lead in the beverage market. During this time, Coke had a 32% market share while Pepsi had an 18.6% market share.

Present day, Coke is still the market leader and both companies have achieved global dominance. Both Coke and Pepsi have built up and expanded their portfolio to achieve a more diversified and stable revenue stream. Pepsi has added snacks brands like Frito-Lay brands, Tropicana, and bottled water to it portfolio while Coke focused on its beverage brands. Both companies offer diet products that are marketed to health-conscious consumers. However, Coke’s diet products are marketed to young people between the ages of 10-35 and middle-aged and older adults that are diabetic or diet conscious, physically active consumers, and consumers in emerging markets with disposable incomes. While Pepsi’s diet products are marketed to consumers of all ages. Coke has also entered into the alcoholic beverage market while Pepsi licenses its name to manufacturers who own the products and formulas.

Both Pepsi and Coke are now using social media to promote their brand content, which keeps the Cola Wars going. Today they are using content influencers to influence engagement and loyalty, celebrity endorsements to appeal to younger people, emotional branding to display a positive brand image, and digital platforms for creating viral content.

My presentation was on the Cola Wars because I wanted to explore the data of which cola is considered the top choice amongst consumers after all of these years of the back and forth between the two companies. It was very hard finding data sets on the subject. A lot of the statistical data that I did find was from the Statista web portal. Based on the data that I found, Coke has dominated the market since its inception and will continue to maintain their position due to their brand recognition, diverse product offerings, and their ongoing efforts to adapt to consumer trends. Pepsi has actually been losing market share over the years and as of 2023, it has been topped by Dr. Pepper for the second-place position. Pepsi is facing challenges from other soft drink competitors, its brand has been underperforming in the carbonated soft drink market, and they have been losing consumers in the young adult demographics. Overall, Coke leads over Pepsi and other brands in its market because of its appeal to consumers in taste, caffeine levels, and it has cemented its status as a cultural institution.

The accompanying data that I have with my project includes, 2022 data soft drink data that was purchased from New Brunswick, NJ area and has too much information. It has over 9,000 entries, blank columns, and duplicate columns. The cleaned data spreadsheets has only the data for Pepsi and Coke and all of the blank and duplicate columns have been removed using OpenRefine.

References:

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