

Marketing Practices of Some Selected Soft Drinks Industries in Bangladesh

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Abstract

The study is usually descriptive. The paper's primary purpose is to understand the componential strategies and determinants of marketing in chosen soft drinks companies. The research's approach mainly based on primary data, although the full fledge of the study bear the assessment of secondary data-the consideration of two prominent companies that have been selected judiciously. The descriptive character shapes the research to constitute a congenial appropriation of analysis. Found that, the kind and other characteristics connected to the regional consumer quality are evaluated for developing the strategy. The companies should decrease pricing to balance the price and qualities of beverages with manufacturing alcohol-free soft drinks since most consumers are cautious about their health. The companies need to comply with stringent water quality requirements to allow dissolved solids, alkalinity and chlorides.

Keywords: Soft drinks, Marketing, Strategy, Practices

1. Introduction

Soft drink refers to non-alcoholic beverages, generally but not always carbonated, generally including a natural or artificial sweetening agent, edible acids, natural or artificial flavors, and occasionally juice (Hassan & Emifoniye, 2018; Mise et al., 2013). Soft drinks are among the most well-known beverages, particularly among the younger generation, and are widely available in today's market (Chaudhary, 2018). Since the invention of soft drinks in the 1830s, it has become increasingly difficult to deny its presence in today's marketplaces (Moore, 1994). This is the marketing era. In today's marketing world, it is a given that if the marketing strategy is not powerful enough, the entire system will fail (Khanna & Palepu, 1997). Today's marketing challenge this marketing arena the central aspect is to reach the product to the

customer (Micheletti & Stolle, 2004). All over the world, carbonated soft drinks occupy the highest position (Hector et al., 2009). There are many international beverage brands around the globe producing soft drinks; among these, Coca-Cola is the world's most famous and most valuable brand (Ghemawat, 2007). In terms of beverage items, It is a carbonated beverage that the Coca-Cola Company manufactures. The brand name is taken from the drink's key two ingredients: Coca Leaves & and Kola Nuts (Ram, 2007). Coca-Cola operates its operations in practically every part of the planet. It acquires this tremendous popularity for its unique taste and promotional policy (Schor & Ford, 2007). For many years the local beverage market of Bangladesh was dominated by international brands like Coca-Cola and Pepsi. In Bangladesh, Coca-cola distributes its product through franchising system operated by Abdul Monem Ltd & the direct connection of International Beverage Bangladesh Ltd. (IBBL). PepsiCo is a company that produces and manufactures Pepsi-cola, a carbonated beverage. It is available for purchase in stores, restaurants, and vending machines (Moses & Vest, 2010). PEPSI is currently a well-known brand around the world. PepsiCo runs its operations worldwide, not through licensing or direct supervision, but rather through a franchise policy (Joseph, 2013). PepsiCo's Transcom beverage limited (Bangladesh) is a PepsiCo franchise. Soft drinks such as PEPSI Cola, 7UP, Miranda, and Mountain Dew are vital products. It is a well-known fact that today's market is highly competitive. In the case of marketing survival, management strives to introduce innovative marketing strategies such as segmentation, positioning, targeting, and various promotional activities to boost sales and market survival (Sharma, 2013).

As Bangladeshi consumers are getting more informed and concerned about their health. Health and wellness trend is raising both in the Global and Bangladesh markets. By following the healthy trend, soft drinks businesses have created reduced calories and low sugar product lines. The end consequence of this study is that marketing people will receive advantages by correct application of marketing mix, marketing strategy and SWOT analysis of soft drink items.

1.1 Objectives of the Study

The main objective of the study is as follows:

- To review the Marketing practices of the soft drinks industries in Bangladesh.
- To interpret the common marketing practices of different soft drinks companies.
- To analyze marketing strategy with assessing SWOT analysis.

2. Literature Review

Marketing is frequently more about developing a story than presenting the most remarkable attributes and features of a product. Consumers respond to a brand because they want to participate in the image of that brand (Palmer, 2010; Ashley & Tuten, 2015; Freling & Forbes, 2005; Aaker, 2012). Mise et al. (2013) tried to compare the loyalty characteristics among soft drinks consumers in Kenya and India. They also indicated that the peer or reference group played a vital role in influencing potential soft drinks markets in India, whereas parents

played a crucial role in Kenya. Harun et al. (2013) revealed that RC (PARTEX BEVERAGE) tried to maintain its quality carefully & continually so that it could keep the existing customers happy and attract new customers. RC achieved a unique place in the consumer's mind in the competition.

Anam et al. (2018) showed that four innovative factors influenced consumers' taste and drinking patterns mostly: branding, validation, prices & packaging. However, branding played a significant role to convince consumers & distributing its product successfully in the Malaysian market. Islam & Habib (2009) mentioned that university students were the primary consumers of soft drinks in Bangladesh. Colour, price, brand image, refreshment, removing tiredness and digestive, advertisement, flavour and taste, sweetness and coolness were the most influential factors affecting consumers' usage patterns. Poranki & Khair (2016) represented that the highest portion of the soft drinks consumers in India prefers Coca-cola for refreshment and the middle portion likes Pepsi cola. Before taking a purchase decision, most consumers analyzed advertising primarily because they all were brand conscious. Besides these, cultural, social, psychological & personal issues affected consumers overall behavioral patterns. Islam & Fatema (2014) revealed that PepsiCo, one of the leading global brands, was better positioned in the competitive marketplace regarding the share of mind, heart, and brand awareness and consumers' response to advertising. Retailer's satisfaction was high to do business with local soft drink brand for lower price & higher demand than global brands.

Foxall, (2014) represented that Coca-Cola held a unique position among the competitive brands. Extroverts & introverts both groups showed a favourable attitude towards Coca Cola but income affected mostly their consumption pattern. Visschers et al. (2013) found that most of the respondents of soft drinks were male users. Quality, free availability, changing products occasionally, and different sizes impressed Bovanta soft drinks consumers heavily.

However, brand and advertisement was the most influential factor. Holder et al. (2000) expressed that the most significant portion of respondents in this research liked to drink Coca Cola compared to Pepsi Cola. The most critical factors that influenced consumers' preferences of Coke were a taste, refreshment, advertisement and promotional scheme. The consumers of coca-cola opined that it fulfilled both thirst and refreshment at a time; conversely, Pepsi only quenched consumers thirst (Cohen, 2014).

Different studies have been conducted in many context studies mentioned above shown that. Soft drinks field research of the different companies comprehensively indicated how the study is essential for setting the marketing strategy. By observing different facts, they there found that very few studies have been inducting from the perspective of Bangladesh. This study will explore the different componential issues methodologically among Bangladesh's selected soft drinks companies.

3. Methods and Materials

This study is descriptive. An accurate observation, both the primary and secondary data sources are used to analyze the marketing practices of two different companies. The study

consider two companies like PepsiCo and Coca-cola for interpretation of the primary case, but the analysis view of the study is the overall concept of Bangladesh and global.

Primary data has been collected through a structured questionnaire of 30 (15+15) employees of two companies directly involved in sales and marketing with five years' experience, and the sampling procedure is random sampling. Brochures, annual reports, newspapers, magazines and other published materials used as supporting materials to collect secondary data. The collected data are analyzed chiefly based on the objective setting using observation and analytical method.

4. Common Marketing Practices of Soft Drink Industry in Bangladesh at the Basis on Marketing Mix (4ps)

Product: Transcom Beverage Ltd. is an essential branch of Transcom group with the franchising of PEPSICO. It avails the drinks items like Pepsi, 7up, Miranda, Mountain Dew, Teem, Slice and & Aquafina water which are convenient. Coca-cola produces almost 3300 beverage items divided into diet categories, fruit juices and energy drinks, fruit drinks, water, energy drinks, tea, and coffee PepsiCo sees massive potential in Bangladesh, 2018).

Price: Price is a revenue generating ingredient of the marketing mix. So, Coca-cola and Pepsi marketers evaluate this element more attentively. While setting a price, TBL considers labour cost, manufacturing cost, & development cost. The manufacture rate pricing (MRP) of TBL's 250 ml, 500 ml, 1000 ml & 2000 ml Pepsi, 7 up, Miranda is BDT 18, 30, 60, 100 while the sole drinking water Aquafina charges at 15 takas on 500 ml bottle. Apart from, the pricing of Coca-cola goods are: Zero Coke Can 320 ml – BDT 130; Coca-Cola Can 250 ml; BDT 40; Coca-Cola bottle 2.25 litres – BDT 110; Coca-Cola bottle 1.25 litres – BDT 70; Diet Coca-Cola cans 250 ml – BDT 40; Coca-Cola no sugar 320 ml – BDT 150. Coca-cola utilizes the skimming pricing technique because of customers' quality sensitivity (Putting It Together: Marketing Mix | Introduction to Business [Deprecated, 2022]).

Place: TBL divided total Bangladesh into three geographical units as Dhaka unit (Dhaka centre, Dhaka south, Dhaka north), Chittagong unit (CHT up, CHT city, Comilla & Sylhet) & Khulna unit (Bogura, Barishal, and Dhaka up), whereas Coca-cola distributes its products through the franchising of Abdul Monem Ltd and the direct distribution of the mother company of International Beverage Bangladesh Ltd (IBBL) Transcom Beverages Ltd - Transcom Limited. (2022).

Promotion:

Advertising: The advertisement program of TBL and Coca cola is done through three media.

Print media: Newspapers, magazines, and Leaflets. **Broadcast media:** Television, radio, Facebook, Online paper, News portal etc. **Display media:** Billboards, banners signboard, wall painting of a shop, adding stickers on a store shelf, giving fridge for keeping the company's product. **Sales Promotion:** Coca-cola and Pepsi deliver trade promotions to channel members and customer's offers to customers. Pepsi gives a 5 per cent fixed rate of commission to distributors with certain extra perks like 500ml scratch card program, Ready Cash Card, Mega blast Scratch Card, Space Club Program, an overseas trip for target

accomplishment. Coca-cola Pepsi cash discount and scratch card for customers. **Public Relation:** Both Coca-cola and TBL participated in the public affair by supporting different events& programs like as Boishakhi program, Ejtema, international sports, live music and home holding fair. Coke cola assures its free sample activities in a different stand of Boishakhimela sponsored by Dhaka University. On the other side, Pepsi undertakes the same activities during world EjTema hosted on the bank of Turag River in Tongi.

5. Analysis of Adopted Marketing Strategy

5.1 Strategies

Segmentation: The PepsiCo and Coca-cola customer profile consists of the following Geographic, Demographic, Psychographic, and Behavioural factors.

Regional Segmentation: Transcom Beverages Products cover the whole of Bangladesh through 3 geographical units, Dhaka unit- 92, Chittagong unit-103 and Khulna unit-137 and Coca-cola avails its product all over Bangladesh through

Two units: The distribution area of

Abdul Monem Limited (AML) in Chittagong, Comilla and Sylhet and International Beverage Bangladesh Ltd (IBBL) operates all over the country except for three regions.

Demographic Segmentation: The customers of the Coca-Cola market is all of age, race & gender. However, as it is a premium product, it mainly targets high-income and medium-income people. Though Coke considers all of the age's people, their main focus is 20 to 30 ages' people for Oasis brand and 30 to 50 age's people for Diet coke. On the contrary, people of all ages and genders can also consume PepsiCo's soft drinks, but it exercises mainly younger people and is included in the age group of 14 to 35.

Psychographic Segmentation: Social status, lifestyle, profession, education level, and personality are the main emphasizing factor of Coca Cola Company. However, Coke avails its product to everyone. Coke does not concentrate on lifestyle, profession, or education rates factors except availing the packaging system for different consumers, and they focus on the middle-class people. Consequently, Pepsi Co also segments its market based on personality, social class, and lifestyle. So PepsiCo's most premium beverage item emphasized primarily on the mid-level and low-level income-generating part for their capability to drink Pepsi. However, "Mountain Dew" is the most refreshing and energetic item that concentrates mainly on the adventurous and young personality.

Behavioural Segmentation: Behavioural segmentation is one of the most effective marketing strategies of Coca Cola Company. This part targets different occasions such as Eid, Durga puja, Pohela Boishakh, Basonto boron that people celebrate together and share their enjoyment with family, friends, and dearest ones. Similarly, Pepsi offers every special occasion for the benefits seeker and loyal class customer. Occasions like the religious festival, various specials day like valentine day, mother's day, friendship day, birthday party, marriage ceremony, anniversary and many more cultural programs

Target Marketing Strategy

The primary target market of Coca Cola Company is younger generations belonging to the age group of 10 to 25 and 25 to 45 ages people constitute the secondary market. More specifically, Coke targets the segments that showed a favourable attitude towards solid flavour. So diet cola and its vibrant target the health-conscious people, Sprite targets teens and college students, Limca on youth working people. Contrary to these, PepsiCo follows a robust or niche strategy for target marketing because the firm achieves a strong position by serving the niche market: teenagers, young adults with a 14 to 30 age group. So, university, college, school, restaurant, hotel, home and stores are the central concentrators of Pepsi's target market.

Market Positioning Strategy

Refreshing and thirst-quenching is the most effective positioning strategy of Coke. Coca Cola positions itself by focusing on the tagline – tiny drops of joy. However, cookies' most straightforward positioning statement is "Think Globally Act locally", and in Bangladesh, during Ramadan, they release advertising focusing on family bonding while fasting. It creates its image, offering something to drink with family, friends, and regular life. The best thing they did was celebrate together; we always kept a coke to share. That is the beauty of their positioning strategy. However, in the perspective of PepsiCo, it positions itself based on the point of difference (POD) and point of parity (POP). Pepsi's central POD is their forward-thinking attitude. So, the positioning statement of Pepsi is "To the new generation, who are searching best taste in drinks, Pepsi provides the best taste, low fat with reasonable price".

5.2 Assessing SWOT Analysis

The overall SWOT analysis of Coca cola & Pepsi is following

Strength:

PepsiCo	Coca-cola
Strong Brand reputation	High brand equity
Better product quality	Largest brand valuation
Largest geographical expansion	Strong customer loyalty and bonding
Huge promotional Enrichment	Flavour& unique taste
Hardworking & fighting sales team.	Effective distribution and strong supply chain
	Largest sponsorship

Weakness:

PepsiCo	Coca-cola
Unclear Strategic Decision.	Negative publicity
Inadequate market survey.	Absence of health issue in beverage item
Lack of adequate training & development facility	Less product diversification
	Low product availability in remote areas
	Undesirable product quantity

Opportunities

PepsiCo	Coca-Cola
High potential for increasing market share.	New product introduction & diversified market segmentation
Expansion into new markets by serving Additional customers group	Growing healthy item & drinking water
Expanding product line base into current item	Advanced supply chain system
	Shifting to inorganic growth & acquisition

Threats

PepsiCo	Coca-Cola
Aggressive competitors scheme	Changing customer taste
Decreasing the outlet number	More dependence on third party bottlers
Political & environmental instability	Huge competition
Trends changing	Controversy found in packaging
Management instability in decision making	Poor Procurement sources

6. Conclusion and Suggestions

Soft drink makers should enhance the quality of soft drinks. Soft drink producers comply with tight water quality regulations to allow dissolved solids, alkalinity, chlorides, sulphates, iron, and aluminium. Not only is it in the interest of public health, but clean water also accelerates the production process and ensures uniformity in flavour, colour, and texture. If soft drinks are prepared with low-quality sugar, particles in the beverage will degrade it. So quality will be adequately controlled by BSTI. With all the spotlight on weight and health, customers are yearning for healthier, more natural soft drinks. So producers should develop sugar-free "healthy" soft drinks with vitamins and minerals and promote natural-sounding phrases. Manufacturers should manufacture alcohol-free soft drinks because the majority of the consumers are worried about their health. Manufacturers should manufacture crystal colour or colourless soft drinks. Manufacturers of soft drinks should be decreased prices to balance the price and quality of soft drinks. Soft drinks should create orange or lemon flavors and vanilla, pineapple, Strawberry, Papaya, etc. Soft drink producers also prescribe merchants precise storage settings to ensure that the beverages do not deteriorate. The shelf life of soft drinks is generally at least one year.

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