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# A STUDY ON THE ATTITUDES OF RETAIL OULETS TOWARDS SOFT DRINKS IN TRICHY CITY

By

K.S.PRAGADEESH  
Reg. No. 71205631037

of

Department of management studies  
Kumaraguru College of technology  
Coimbatore

A PROJECT REPORT  
Submitted to the

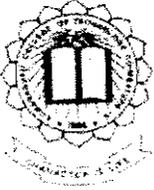
FACULTY OF MANAGEMENT SCIENCES

In partial fulfillment of the requirements  
for the award of the degree

of

**MASTER OF BUSINESS ADMINISTRATION**

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Department of management studies,  
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(An ISO 9001:2000 Certified Institution)  
Coimbatore-641006

## BONAFIDE CERTIFICATE

Certified that this project titled "*A study on the attitudes of retail outlets towards soft drinks in Trichy city*" is the bonafide work of **Mr.K.S.PRAGADEESH (71205631037)**, who carried out this research under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

Col.Prof.N.Jothilingam  
Project guide

Director

Evaluated and Viva Voce conducted on 02-07-2007

Examiner 1

Examiner 2

## DECLARATION

I hereby declare that this project entitled as "*A study on the attitudes of retail outlets towards soft drinks in Trichy city*" has been undertaken for academic purpose submitted to Anna University in partial fulfillment of the requirements for the award of the degree of Master of Business Administration. The project report is the record of the original work done by me under the guidance of Col. Prof .N. Jothilingam during the academic year 2006-2007.

I also declare hereby, that the information given in this report is correct to best of my knowledge and belief.

Place: Coimbatore



[K.S.PRAGADEESH]

Date: 2-7-07

# PEPSICO INDIA HOLDINGS PRIVATE LIMITED

DURAIRAJ TOWER, II<sup>nd</sup> FLOOR, No. 1, RACE COURSE ROAD, COIMBATORE - 641 018.

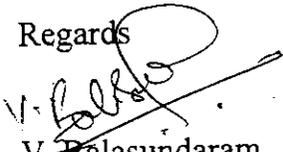
3<sup>rd</sup> May 2007

## TO WHOMSOEVER IT MAY CONCERN

This is to certify that Mr. K. S. Pragadeesh, II year MBA student of Kumaraguru College of Technology, Coimbatore has undergone 4 months project training on "**A Study on the Attitudes of Retail Outlets Towards Soft Drinks in Trichy City**" in our organization.

During the project his conduct was very good and we wish him success in all his future endeavours.

Regards

  
V. Balasundaram

( M.D.C. Madurai Unit )

## ACKNOWLEDGEMENT

First and foremost objective is to pay rich dividends to The Almighty for having stayed before and besides me showering all sorts of blessing for me to complete this work, which is the part and participle of our curriculum.

I wish to express my deep gratitude to Prof. Joseph V. Thanikal- Principal, KCT for his guidance and encouragement to complete my project work.

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I wish to express my heartfelt thanks to Mr.V. Balasundaram, Asst Manager-sales, for his invaluable guidance to complete the project work.

Last but not the least, my sincere thanks to my friends and parents for their continuous support and encouragement without which the project could not have been a success.

## Executive Summary

This project is done for Pepsico India Holdings Private Limited, in order to identify the purchase behavior of retailers with respect to the soft drinks. The study findings are based on a specially designed questionnaire collected from a sample of 100 respondents identified on the basis of convenience. The retailers are divided into four categories namely eatery channel, grocery channel, convenient channel and medical shops. The study is also used to identify the fast moving soft drink products in the market, their consumption pattern and the factors influencing the sale of these products.

From the analysis it is found that customers prefer Pepsi products more than its competitive brands. Since the sales of these products generate additional income to the retailers, these are sold in almost all shops irrespective of the major product that they deal with. Further according to the result teenagers and advertisements are the major factors that influence the sale of soft drinks.

The data collected were subjected to chi square analysis were two different attributes namely average, monthly sales and average monthly income of the different channels were compared. From the results it is shown that there is a significant relationship between the two attributes. Since retailers are in close proximity with the customers, they must be motivated well by the dealers and the company in order to retain their cordial relationships and to increase the sale of soft drinks.

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# CHAPTER 1

## INTRODUCTION

### 1.1 BACKGROUND OF THE STUDY

A retailer may be defined as that merchant intermediary who buys a product from proceeding channel in small assorted lots and sell them to consumers in still small assorted lots to suit individual consumer requirement. The retailer often operates in a small territory or at his specific location, earns lesser commission compared to higher levels in the channels. His contact with the consumers is constant and living in a broad sense. They manage more brands at any given point of time. They should be motivated to focus on a particular brand.

Hence new products can grow into strong brands only if they are well supported at the point of purchase through display and promotion. So the retailers should be motivated well and their satisfaction is very essential. Thus the study is focused to identify the attitudes of the retail outlets in order to promote the sale of soft drinks.

### 1.2 REVIEW OF LITERATURE

**Andrew Martin (2007)**<sup>1</sup> Coca-Cola and PepsiCo to introduce carbonated drinks fortified with vitamins and minerals and promote them as 'sparkling beverages,' not soft drinks, to get away from bad publicity about soda's link to obesity; marketing of Diet Coke Plus and Pepsi's Tava aims to offset increasing sales of bottled waters, sparkling juices and green tea drinks.

**Reachout's News Bureau (2003)**<sup>2</sup> Pepsi has strong brands, rich expertise in on premise retailing of cold beverages, extensive sales and distribution infrastructure, and a well developed network of retail outlets and dealers who sell Pepsi through fountain machines. In a path-breaking tie-up, two FMCG leaders, Hindustan Lever Ltd. and Pepsi Foods Pvt. Ltd. formed an alliance in India to jointly market through a vending format a full range of hot beverages and soft drinks from their portfolio of world class brands.

**Viveat Susan Pinto (2006)**<sup>3</sup> Pepsi and Coke pretty much lock the market between them with 4,000 and 8,000 dispensing machines, popularly called Fountain Pepsi and Fountain Coke, respectively. Vending is more of a branding exercise. Sales via dispensers are minuscule. Regular distribution channels account for a major portion of the sales.

**Rohit Nath ( 2006)<sup>4</sup>** Compare it with a country like Japan, however, which has over 5.5 million machines selling everything from food & beverages, cigarettes, tickets etc, and India seems way off the mark. The US market, on the other hand, has the highest number of vending machines in the world with a figure of 8 million (Japan, for the record, is a close second in terms of density of machines). Segments that have taken to vending in the US vary from food & beverages, stationary, merchandise (cards, gifts, toys), music, entertainment etc.

**Susan.M.Broniarczyk et al (1998)<sup>5</sup>** states retail stores have images of their own that serve to influence the perceived quality of products they carry and the decisions of consumers as to where to shop. Grocery retailers are often reluctant to reduce the number of products they carry out of concern that perceptions of a smaller assortment will reduce the likelihood that consumers will shop in their stores.

### **1.3 OBJECTIVES OF THE STUDY**

- To find out the retailer's attitude towards the marketing mix of soft drinks.
- To find out the factors influencing the retailers to deal with the Pepsi brand.
- To find out the fast moving soft drink product in the market.

### **1.4 SCOPE OF THE STUDY**

- To have a precise database of the various retailers in Trichy city.
- To concentrate on the untapped distribution channel for the soft drink products.
- To find suitable measures to influence positive purchase behaviour among the customer group.
- To identify the areas of weakness and to strengthen themselves to meet out competitions in the market.
- To find the factors that helps to maintain the goodwill among the retailers.

### **1.5 RESEARCH METHODOLOGY**

The business researches is a systematic method of analyzing, exploring the social life, in order to correct or verify whether the knowledge aids in the construction of a theory or part of an art.

### **1.5.1 Research Design**

The research design stands for advance planning of the methods to be adopted for collecting the relevant data and the techniques to be used in the analysis. In general it constitutes the blue print for the collection, measurement and analysis of the data.

### **1.5.2 Descriptive Research**

Descriptive research study includes surveys and fact finding enquiries of different kinds, which help the researchers to describe the present situation that makes the analysis about the effectiveness of the existing distribution system<sup>6</sup>.

### **1.5.3 Sampling Technique**

The sampling design is to clearly define set of objects, technically called the population to be studied. This has a finite set of universe and the sampling design used in the study is probability sampling and the sampling technique used is 'Stratified Random sampling'<sup>7</sup>.

### **1.5.4 Universe**

The universe of the present study consists of all the retailers dealing with soft drinks especially with Pepsi products within the limits of Trichy city.

### **1.5.5 Sample size**

100 retailers were selected randomly based on the convenience of the researcher. The samples were classified into four categories namely eateries, groceries, convenient channel and medical shops.

## **1.6 TYPE OF STUDY**

### **1.6.1 Pilot study**

The researcher conducted a pilot study to have some preliminary information about the retail networks and to ascertain the feasibility of conducting such a study. During the pilot study, the researcher discussed the topic of the study with the

organization guide. This helps the researcher to formulate his interview schedule and clarify the objectives of the study.

### **1.6.2 Pre-testing**

In order to test the validity of the questionnaire, the researcher conducted pre-test in the market. The questionnaire was given to 5 retailers to get their responses and it helped to make necessary alterations in the questionnaire.

### **1.6.3 Method of data collection**

The primary data is collected by structured questionnaire method. The secondary data was collected from the websites, books, company manual and the project work done by research scholars.

### **1.6.4 Tools of Analysis**

The data collected were analyzed using the following tools namely

- Percentage analysis
- Weighted averages
- Chi square analysis

## **1.7 LIMITATIONS OF THE STUDY**

- The research methodology is based on statistical operations, the conclusions arrived at may not be accurate.
- The geographical area of study is limited to Trichy city, so the result may have limited applicability to other centres.
- This study has been conducted within the stipulated period. Since various categories of retailers are scattered, personal meetings and interactions within this period is difficult.
- There is a possibility of retailer's bias towards us.
- Some of the retailers are not ready to answer for all the questions.

## **1.8 CHAPTER SCHEME**

### **Chapter 1: Introduction**

The first chapter deals with the background, objectives, scope of the study, methodology used in data collection, limitations of the study, and brief introduction to all the chapters.

### **Chapter 2: Organization Profile**

Organization profile includes details on the history of the organization, management and organization structure, product profile and market potential, competitive strength of the company and a brief description on various functional areas of the organization.

### **Chapter 3: Industry Profile**

Industry Profile deals with the prevailing scenario of the organization with respect to its respective industry and to perform the SWOT analysis of the company.

### **Chapter 4: Data Analysis and Interpretation**

The Chapter mainly deals with analysis based on the retailers' responses to the questionnaire provided to them. Then the statistical operations were performed to give a meaningful conclusion to data collected.

### **Chapter 5: Conclusion**

Conclusion includes the results and the discussions put forth regarding the attitude of the retailers in purchasing, storing and selling the product to the consumers.

## CHAPTER 2

### ORGANIZATION PROFILE

#### 2.1 History of PepsiCo

Pepsi-Cola was first made in New Bern, North Carolina in the United States in the early 1890s by pharmacist Caleb Bradham. On August 28, 1898, "Brad's drink" was changed to "Pepsi-Cola" and later trademarked on June 16, 1903. There are several theories on the origin of the word "Pepsi".

The only two discussed within the current PepsiCo website are the following: 1) Caleb Bradham bought the name "Pep Kola" from a local competitor and changed it to Pepsi-Cola. 2) "Pepsi-Cola" is an anagram for "Episcopal" - a large church across the street from Bradham's drugstore. There is a plaque at the site of the original drugstore documenting this while PepsiCo has refuted this theory. Another theory is that Caleb Bradham and his customers simply thought the name sounded well or the fact that the drink had some kind of "pep" in it because it was a carbonated drink; they gave it the name "Pepsi" <sup>8</sup>.

As Pepsi was initially intended to cure stomach pains, many believe Bradham coined the name Pepsi from either the condition dyspepsia (stomachache or indigestion) or the possible one-time use of pepsin root as an ingredient (often used to treat upset stomachs). It was made of carbonated water, sugar, vanilla, rare oils, and kola nuts. Whether the original recipe included the enzyme pepsin is disputed.

In 1903, Bradham moved the bottling of Pepsi-Cola from his drugstore into a rented warehouse. That year, Bradham sold 7,968 gallons of syrup. The next year, Pepsi was sold in six-ounce bottles and sales increased to 19,848 gallons. In 1905, Pepsi received its first logo redesign since the original design of 1898. In 1906, the logo was changed again. In 1909, automobile race pioneer Barney Old Field endorsed Pepsi-Cola in newspaper ads as "A bully drink...refreshing, invigorating, a fine bracer before a race".

In 1923, PepsiCo went bankrupt due to high sugar prices as a result of World War

...and Roy C. Megargel bought the Pepsi trademark. Eight years later,

the company went bankrupt again, resulting in a reformulation of the Pepsi-Cola syrup formula.

During The Great Depression, Pepsi gained popularity following the introduction in 1934 of a 12-ounce bottle. With twelve ounces a bottle instead of the six ounces Coca-Cola sold, PepsiCo turned the price difference to its advantage with a slick radio advertising campaign which was the first use of a jingle in advertising. "Pepsi cola hits the spot / Twelve full ounces, that's a lot / Twice as much for a nickel, too / Pepsi-Cola is the drink for you," encouraged price-watching consumers to switch to Pepsi, while obliquely referring to the Coca-Cola standard of six ounces a bottle for the price of five cents (a nickel), instead of the twelve ounces Pepsi sold at the same price. Coming at a time of economic crisis, the campaign succeeded in boosting Pepsi's status. From 1936 to 1938, PepsiCo's profits doubled.

### **2.1.1 History in India**

PepsiCo was established in India as processing unit in Punjab during the year 1986-87. The project, Pepsi foods limited was cleared by the Indian government in September 1988 as a joint venture of PepsiCo, Punjab government owned Agro Industrial Corporation and Voltas India Limited. Before this Project was cleared, PepsiCo made an attempt to enter into India as early as in May 1985, when it teamed up with Agro Product Export Ltd., a company owned by R.P.Coenka group, and sought permission from the central government to import cola concentrate and to sell a PepsiCo brand soft drink in the Indian market, in return for the export of juice concentrate from Punjab<sup>9</sup>.

Pepsi acquired Lehar Company in 1987 and started operating in India. It had two types of operations COBO and FOBO. COBO means company owned bottling operations; it was headed by Rajiv Bhakshi. FOBO means franchising owned bottling operations; it was headed by Deepak Iyer.

There are four marketing units in India.

NOMU - North office marketing unit.

SOMU - South office marketing unit.

EOMU - Eastern office marketing unit.

WOMU- Western office marketing unit.

### 2.1.2 SOMU

Till 1994 the operations are carried out by FOBO type in Tamil Nadu. Arthana Beverages Limited carried the franchising operation. South office marketing unit consist of four states. They are Kerela, Tamil Nadu, Karnataka and Andhra Pradesh.

SOMU is further divided into three units.

1. Madurai unit.
2. Kerela unit.
3. Karnataka and Andhra units.

#### **Madurai unit**

The unit is headed by Vice President Mr. Anjanpaule. Unit is subdivided into four territories:

**Coimbatore Territory:** It covers Nilgiri (DT), Coimbatore and Erode.

**Tirunelveli Territory:** It covers the area of Tirunelveli, Nagarkovil and Virudhunagar.

**Trichy Territory:** It covers the area of Trichy, Thanjavur, Perambalur and Karur.

**Madurai Territory:** It covers Sivaganga, Ramnad, Madurai, Dindugul and Theni.

Each territory is headed by a territory development manager, and it assist by a group of C.E (customer executive).

#### **The major divisions under beverages are:**

1. Pepsi foods.  
Pepsi foods manufacture beverages.
2. PepsiCo., India holding concentrate manufacturing soft drinks with the help of concentrate brought from Pepsi foods plants.
3. Pepsi India marketing.

### 2.1.3 Details concerning PepsiCo, Madurai

In 1987, Double Cola was taken over by Pepsi in Madurai. In May 1994. Pepsi Foods Ltd. was established and at present it is operated as Co-owned. There are 52 permanent employees and 25 executives in PepsiCo, Madurai. If demand for the product increases then the production rate should be increased. During that time contract employees were used for works.

Co-owned operations are carried out in South India at plants located in Chennai, Bangalore and Madurai. In beverages, Pepsi Foods Ltd. offers the following varieties.

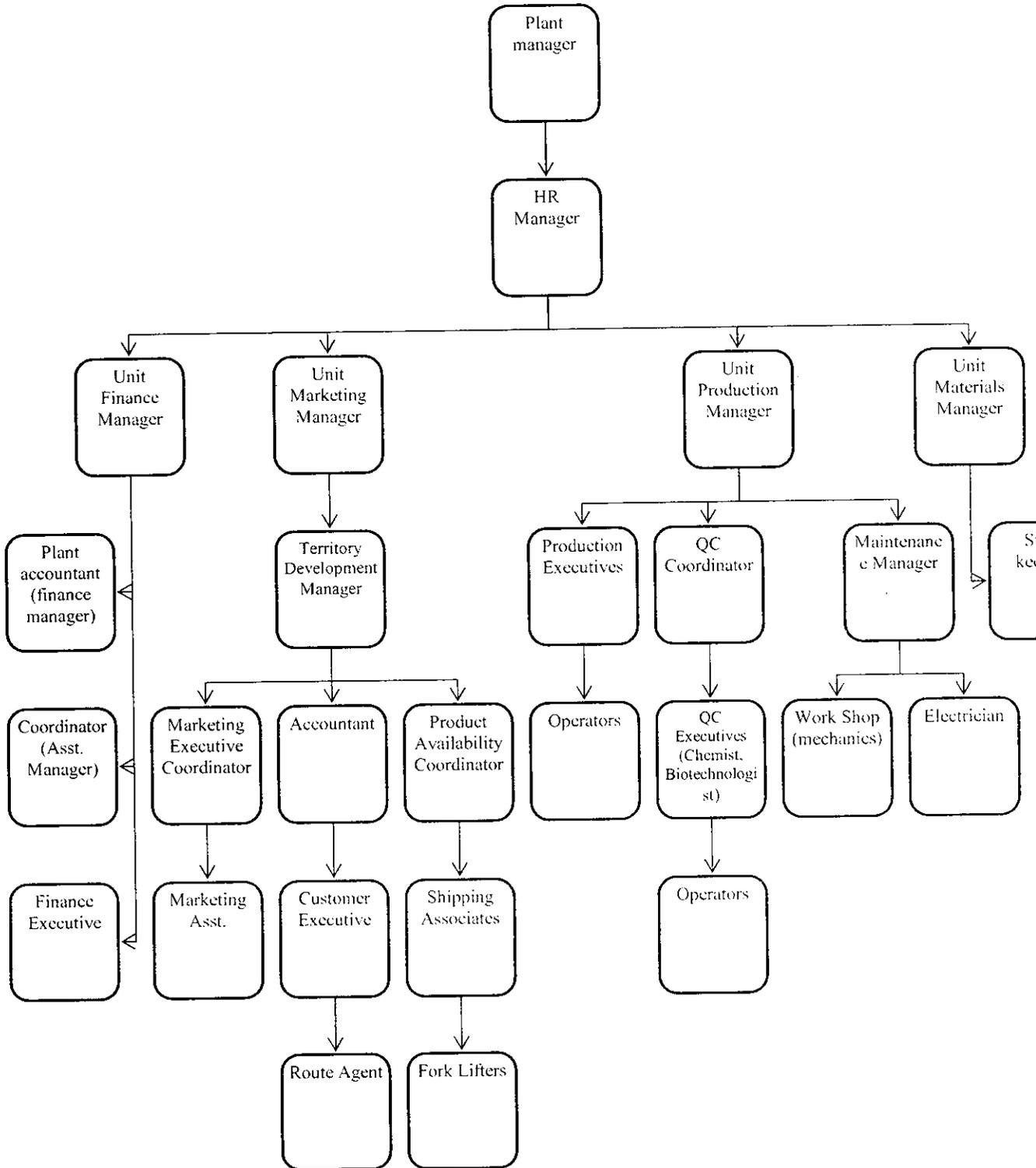
- ✓ Pepsi(cola flavour)
- ✓ Diet Mountain Dew
- ✓ Slice
- ✓ AquaFina (purified drinking water)
- ✓ 7up(clear lime)
- ✓ Lemon Mirinda
- ✓ Slice(Mango)
- ✓ Mirinda(orange)
- ✓ Soda
- ✓ Diet Pepsi(Cola flavour)

#### **2.1.4 Awards:**

The following are the awards received by PepsiCo, Madurai

- 1) In 1997, International quality award-Bronze.
- 2) In 1998, International quality award-Gold.
- 3) In 1999, Best COBO plant in the PCI world.
- 4) In 1999, Winner – without lost time accident (LTA).
- 5) In 2000, International quality award-Gold.
- 6) In 2001, International quality award-Gold.
- 7) In 2001, Winner – without lost time accident (LTA).
- 8) In 2002, International quality award-Gold.
- 9) In 2002, Winner – without lost time accident (LTA).
- 10) From 2002 to 2005, Golden peacock environment mgt award.

## 2.2 ORGANIZATIONAL STRUCTURE



## 2.3 PRODUCT PROFILE

The Pepsi-Cola drink contains basic ingredients found in most other similar drinks including carbonated water, high fructose corn syrup, sugar, colorings, phosphoric acid, caffeine, citric acid and natural flavors. The caffeine free Pepsi-Cola contains the same ingredients but no caffeine.

	<b>Amount per 8 fluid ounces</b>
<b>Calories</b>	100
<b>Fat</b>	0 g
<b>Sodium</b>	30 mg
<b>Potassium</b>	10 mg
<b>Carbohydrates</b>	27 g
<b>Sugar</b>	27 g
<b>Protein</b>	0 g
<b>Caffeine</b>	25 mg

## 2.4 MARKET POTENTIAL

### 2.4.1 Building strong brands

A strong portfolio of brands has helped establish PepsiCo as a leader in India's beverages market, offering a variety of high-quality products providing refreshment and nutrition. It has regularly released popular advertisement campaigns to coincide with popular Indian festivals. Additionally, the company through association and advertisement has created a distinct identity for each of its brands.

### 2.4.2 Partnerships

PepsiCo entered India's hot beverages category in 2003 through a tie-up with Hindustan Lever Ltd., a leader in hot beverages and owner of the Lipton brand. To produce its beverages, PepsiCo has 37 bottling plants in India, including 17 company-owned plants and 20 owned by franchisee partners. The flavour concentrates used to make soft drinks are produced at a separate state-of-the-art plant at Channo in the Sangrur district of Punjab and supplied all across South Asia.

### **2.4.3 Diverse product portfolio**

PepsiCo's portfolio of beverage brands in India include the flagship cola brand Pepsi; Diet Pepsi; two flavours of Mirinda – Orange and Lemon; 7UP; Mountain Dew; packaged drinking water - Aquafina; variants of the fruit drink brand Slice; the 100 per cent fruit juice brand Tropicana in several variants and the world's leading sports drink Gatorade. It also includes the local brands Lehar Evervess Soda, Dukes Lemonade and Mangola. Through its tie-up with Hindustan Lever Limited, the company also markets and distributes ready-to-drink beverages such as iced tea, green teas and herbal teas.

### **2.4.4 Sourcing and manufacturing base for exports**

Today PepsiCo is amongst the major multinational exporters. Cumulative exports over the last 10 years have crossed US\$ 504 million. Pepsi's export business today supports the company's core food and beverage businesses: Pepsi has emerged as a high quality, competitive supplier to the worldwide PepsiCo system.

## **2.5 COMPETITIVE STRENGTH OF PEPSI**

Today PepsiCo ranks among the world's five largest food and beverage companies with 16 brands, revenues of about US\$ 27 billion and over 143,000 employees. PepsiCo International includes the snack businesses of Frito-Lay International and beverage businesses of PepsiCo Beverages International. PepsiCo brands are available in nearly 200 countries and territories. In India, PepsiCo has come a long way since it began operations in 1989. PepsiCo and its partners have invested more than US\$ 700 million in India - building businesses, which today provide direct or indirect employment to more than 60,000 people.

### **2.5.1 Factors for success**

PepsiCo's success in India centers around a strong focus on satisfying and delighting Indian consumers. This was achieved by forging strong relationships with local franchise partners, distributors and suppliers and building a talented local workforce.

### **2.5.2 RIVALARY WITH COCA-COLA**

While some people claim that Pepsi tastes exactly the same as Coca-Cola, other people say they can tell a difference in the two soft drinks. In 1985, The Coca-Cola

Company, amid much publicity, changed the formula. Some authorities believe that New Coke, as the reformulated drink came to be known, was invented specifically to respond to Pepsi. Numerous blind taste tests suggested that more consumers preferred the taste of Pepsi (which is believed to have more lemon oil, less orange oil, and uses vanillin rather than vanilla) to Coke. In taste tests, drinkers were more likely to respond positively to sweeter drinks, and Pepsi had the advantage over Coca-Cola because it is much sweeter. Overall, Coca-Cola outsells Pepsi in almost all areas of the world. Saudi Arabia and the Canadian provinces of Prince Edward Island, Newfoundland and Labrador, Ontario and Quebec are some of the few exceptions <sup>10</sup>.

By most accounts, Coca-Cola was India's leading soft drink until 1977 when it left India after a new government ordered The Coca-Cola Company to turn over its secret formula for Coca-Cola and dilute its stake in its Indian unit as required by the Foreign Exchange Regulation Act (FERA). In 1988, PepsiCo gained entry to India by creating a joint venture with the Punjab government-owned Punjab Agro Industrial Corporation (PAIC) and Voltas India Limited. This joint venture marketed and sold Lehar Pepsi until 1991 when the use of foreign brands was allowed; PepsiCo bought out its partners and ended the joint venture in 1994. In 1993, The Coca-Cola Company returned in pursuance of India's Liberalization policy. In 2005, The Coca-Cola Company and PepsiCo together held 95% market share of soft-drink sales in India. Coca-Cola India's market share was 60.9%.

## **2.6 FUTURE PLANS**

Pepsi plans for tender coconut water unit in Bengal

Pepsi has proposed to set up a processing unit for tender coconut water in West Bengal. The Chief Minister of West Bengal, Mr. Buddhadeb Bhattacharjee, said that the company was in talks with the State Government for finding a suitable location and organizing the raw material sourcing mechanism for the project <sup>11</sup>.

Elaborating on the Pepsi proposal, Mr. Bhattacharjee said it envisaged value addition to the tender coconut water for eventual marketing as a packed beverage.

The procurement is to be done through contractual arrangements with the local producers. The project is likely to be located in the southern part of the State.

Pepsi is also working on two other food-processing projects — mango and pineapple pulp — in the State. The processing units, run by contract partners, are to be set up in the northern part of the State.

## 2.7 DESCRIPTION ON VARIOUS FUNCTIONAL AREAS

The are eight functional areas in PepsiCo India Holdings Private Limited.

They are

- ✓ Finance department.
- ✓ Marketing and sales department.
- ✓ Production department.
- ✓ Quality control department.
- ✓ HR department.
- ✓ Materials department.
- ✓ Maintenance department.
- ✓ Shipping department.

### 2.7.1 FINANCE DEPARTMENT

Finance department deals with financial operations. This department gives information about the availability of funds to the production department. This department prepares the financial accounts for the year. This department frames pricing policy. Finance department involves financial decision making.

Finance function starts from procurement of raw materials. Raw material is bought from Pepsi foods ltd, Gurgaon, Delhi. Production plan is done once in a week. It is done according to the availability of empty bottles, market condition, and requirement for the month. Raw materials required are syrup, Co2, sugar, crowns, and bottles. Purchase of Co2 and crowns are centralized. They are bought from centralized vendor in Delhi. Payment process is also centralized and it is planned in Delhi. Price is negotiated at Delhi for crowns and Co2. But sugar is purchased region wise.

#### ➤ Purchase activities

- Requirement.
- Vendor identification.
- Quote comparison.
- Selecting the vendor.
- Negotiation with the vendor.
- Follow up for delivery.
- Vendor evaluation.

#### ➤ Storage activities

- Storing.
- Preservation.
- Issue of raw materials.
- Stock verification.
- Return of issued material.
- Returnable goods.
- Handling rejection.
- Records
- Non returnable goods.

The following are the steps carried out in purchasing the material:

- Material receipt note.
- Three quotes will be received.
- Accepting the least quote.
- Issuing the purchase order.
- Releasing the material.
- Inspection of materials in the gate.
- Sending the materials to stores.
- Cross checking of invoice and Chelan.
- Acknowledgement.

### **2.7.2 MARKETING AND SALES DEPARTMENT**

Marketing is what a marketer does. Every product produced should be marketed. There is a separate department for marketing. They market their products by various channels. The objective of marketing is to make the goods available at places where they are needed. They differentiate their products from their competitors through marketing. Marketing department is the one, which coordinates resources of production and distribution of goods and services. Sales of a product are determined by the functions of the marketing department, where they create consumers. The end of all marketing activities is the satisfaction of human wants. Through satisfaction profits are rewarded.

Marketing of Pepsi brands face a tough competition. Territory development manager is in charge of sales part of Tamil Nadu. Area development coordinator coordinates sales and marketing.

## **Channels of Distribution:**

- Direct channel.
- Indirect channel.
- Distributor.

### **Direct Channel:**

Manufacturers directly meet the customers and sell their products.

### **Indirect Channel:**

Here the manufacturers give the products to the distributors who give to the retailers and in turn product reaches the consumers. These channels are:

- Tea shop.
- Grocery channels.
- Leisure channels.
- Theatres.
- Parks.
- Bar channels.
- Institutional channels.
- Colleges.
- Schools.
- Hospitals.

Medias used for advertisement:

Television, press and out door advertisements which includes dealer board, sun pack, paintings, stickers, banners and hoardings.

### **Distributors:**

Distributors are given many advantages. They are given rate of discount of  $4\frac{1}{2}$  to  $5\frac{1}{2}$  according to the invoice value. Delivery is free of charge. They are given coolers and many other gifts to encourage them to sell more. Sales unit maintains stock for the day. The following are the registers maintained by the marketing department.

1. Daily stock register.
2. Weekly stock register.
3. Route wise sales register.
4. Daily glass movement.
5. Route card for database of retail business.

### **2.7.3 QUALITY CONTROL DEPARTMENT**

Quality of the product creates or builds up good image for the product in the minds of customers. So, after every step of manufacturing process, strict quality controls are followed to ensure high standards of quality. Here control limits are set and the quality of the finished products is maintained. If there are any deviations caused, they are not allowed to occur.

At every step of manufacturing and bottling process, strict quality controls are followed to ensure that Pepsi-Cola products meet the same high standards of quality that consumers have come to expect. They also follow strict quality control procedures during the manufacturing and filling of the packages. Each bottle and can undergoes a thorough inspection and testing process. Containers are then rinsed and then quickly filled through a high speed, state of art process that helps prevent any foreign material from entering the product. Additional quality control measures help to ensure the integrity of Pepsi-Cola products through out the distribution process, from warehouse to store shelf. The quality control department performs their function in:

1. Water treatment plant.
2. Syrup treatment plant.
3. Effluent treatment plant.

The quality is maintained in the water used for production of soft drinks and for bottle washing. Syrup tank is washed properly before going to use another flavour in the same tank. The water is recycled properly in the effluent treatment plant within standards and the effluent is disposed properly.

### **2.7.4 PRODUCTION DEPARTMENT**

Production mainly involves transforming inputs into outputs for sale. A separate department looks after the affairs of the production processes. The production manager determines the locations of production, coordinates with marketing and finance department to make forecast and get funds, delegate authority, designs the production process, and maintains plant. The elements of production system are inputs, transformation processes, outputs, storage and transportation.

Production of Pepsi products reaches its peak in the month of April, May, June and July. It involves in the following activities.

## **Water treatment:**

Water is purified in water treatment plant for manufacturing purpose.

There are two types of process. They are:

1. Reverse osmosis.
2. Coagulation process.

There are two types of water. They are

1. Soft water.
2. Treated water.

Soft water is used for bottle cleaning, boiler and for bottle washing.

Treated water is used for syrup making process and drinking.

## **Syrup preparation:**

Initially sugar is added with water. Naturally sugar contains smell and colour. So activated carbon powder is added for removing smell and colour. They are maintained half an hour at 82°C for killing microorganisms. Then they are filtered through filter press. Finally salt and concentrate (flavour) are added for getting final syrup.

## **Bottle washing: (B/W)**

1. Bottles and crates are separated using uncaser. Both bottles and crates are washed separately.
2. Bottles are washed by pre rinsing with 3 jet to remove the dust from the bottle.
3. Then they are pre washed with 6 jets for killing bacteria.
4. High caustic is cleared with 75°C to 80°C.
5. Finally hydro wash is used for clearing caustic.

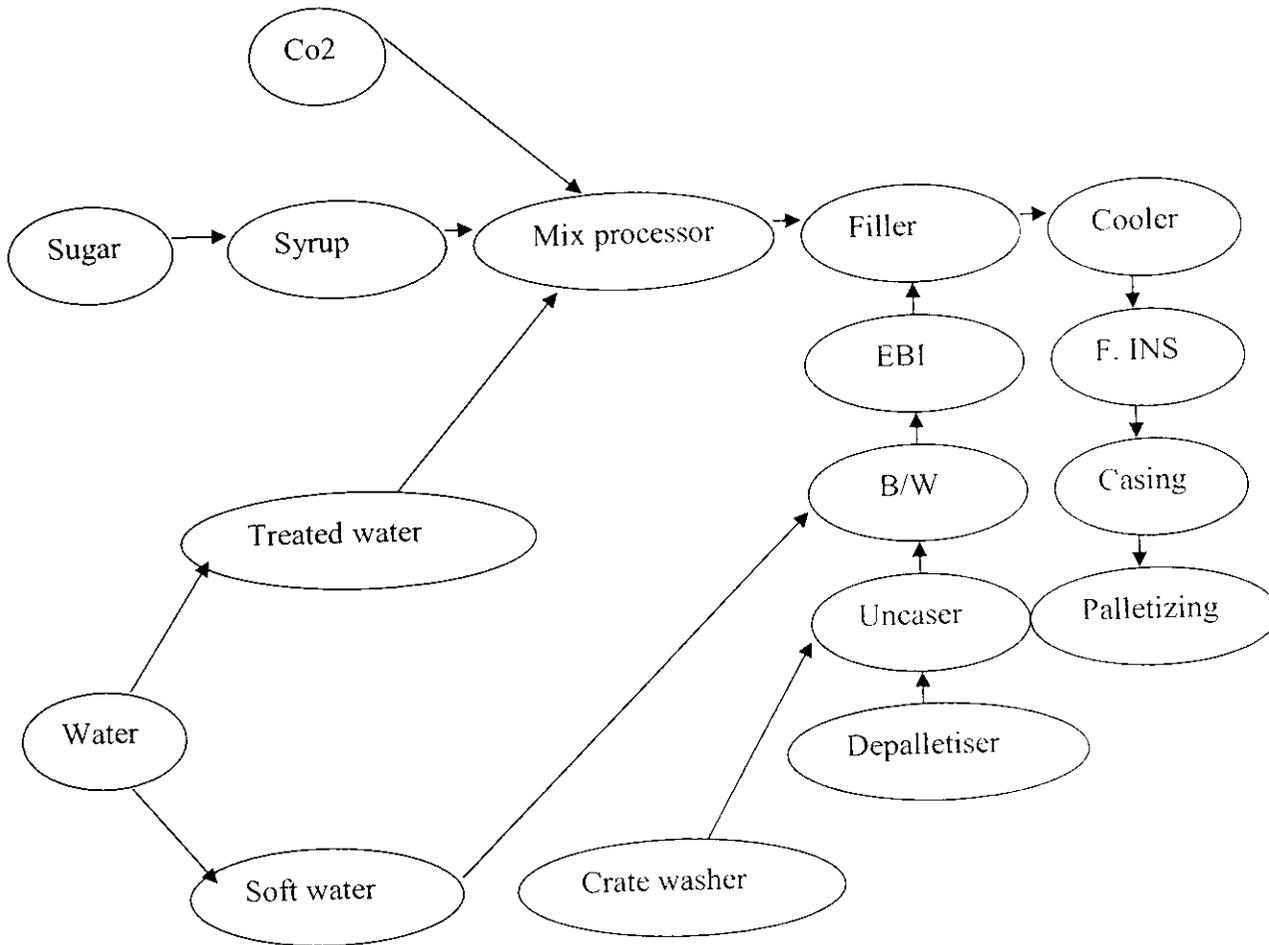
## **Empty Bottle Inspection: (EBI)**

Empty bottles are checked here. If any breakage is found in the bottle sip, papers and dust those bottles are removed in bottle inspection.

## **Full Bottle Inspection: (FBI)**

After filling and crowning, filled bottles are checked. If there is low quality, no proper crowning, those bottles are removed in full bottle inspection. Thereafter finished products go for packing.

## PRODUCTION FLOW CHART:



### 2.7.5 HUMAN RESOURCE DEPARTMENT

Organizations are made up of people and the functions are done through people. The resources like men, money and material are utilized through people. These resources should be united to fulfill the objectives of an organization. They should be combined through efforts of people that material and monetary resources are effectively utilized for attainment of objectives. So, to attain the common objectives, people should be motivated.

Human resource department takes care of this work. Here they employ skill and knowledge of employees efficiently and effectively by utilizing human resources. They enhance job satisfaction and self actualization of employees by encouraging them and maintaining working relationship among all the employees of the

The following are some major HR activities in the organization:

1. Employee welfare program.
2. Recruitment process.
3. Performance appraisal.
4. Rewards and wages.
5. Grievance handling.

## **2.7.6 MATERIALS DEPARTMENT**

Materials department purchases the raw materials, which are needed for production. Company uses the following raw materials:

- Sugar.
- Concentrate.
- Co2.
- Glass (bottle).
- Chemicals.
- Crown.

### **Sources of raw materials:**

Raw materials are brought from Pepsi Foods Ltd., Gurgaon, Delhi.

Purchasing is made based on the below mentioned criteria.

1. Purchasing policy.
  - Best quality.
  - Suitable price.
  - Easy purchasing.
2. Inventory.

The materials department maintains certain inventory in order to meet demand. There are certain advantages and disadvantages in maintaining inventory. They are:

### **Advantages:**

- No stock out.
- Avoid production loss.
- Less transportation cost.

**Disadvantages:**

- Heavy investments.
- Loss on spoilage and shrinkage.
- Change in process design.

**2.7.7 MAINTENANCE DEPARTMENT**

Maintenance refers to the up keep and protection of the plant, building, machinery and other fixed assets. Maintenance engineering is concerned with keeping the physical facilities in good operating conditions.

**Objectives of maintenance department:**

The objective of maintenance department is to keep all productive assets in efficient working condition. It also minimizes accident rate and it is also considered as safety step in the organization.

**Functions of maintenance department:**

- Planning maintenance work as long term basis.
- Issuing maintenance work order.
- Storing maintenance material eg., tools, spare parts, lubricants etc..
- Developing and issuing standard instruction.

**MAINTENANCE TECHNIQUES:****Standby machines:**

In PepsiCo, the loss and inconvenience due to breakage of equipment is so high. So the standby equipment is used as soon as the original equipment fails. The standby facility is employed to avoid interruption and downtime.

**Shifting production during breakdown:**

In PepsiCo, spare capacity is maintained not in the form of standby machines but by allowing rest to run machines at intervals and by rotation.

**2.7.8 SHIPPING DEPARTMENT**

The following are the functions performed by the shipping department:

- Receiving empty bottles from the market.
- Sending to the production department and keeping an account of number of empties sent.
- Once empties are filled, they are properly stocked and accounted.
- Filled bottles are transported to local warehouse from where they are sold.

## Glass Tracking:

Product availability coordinator tracks the returnable bottles. It is very important to track glass bottles for packing carbonated soft drink. Respective authorities do the sales forecast and the result is given to the shipping department. And only the shipping department places the order according to the demand to the production department.

Full stocks are verified physically and shipping executives records full and empties. The production plan reports based on the full and empty bottles are forwarded to Plant managers, Manufacturing manager and Quality control coordinator.

## CHAPTER 3

# MICRO- MACRO ECONOMICAL ANALYSIS OF SOFT DRINKS INDUSTRIES

### 3.1 Soft Drinks in India

Soft drinks emerged stronger than ever from the pesticides contamination controversy in late 2003, and the early monsoons in mid-2004 in many regions of India, that at one point threatened to derail growth in 2004. Responding to a series of initiatives throughout 2004, such as reducing pack sizes, introducing new flavours, increasing points of sale, positioning on the current health boom and taking advantage of changing consumer preferences, the total volume of soft drinks sold in 2004 exceeded four billion litres, registering a robust growth rate of 16%.

The pesticides controversy notwithstanding, small pack sizes and the intensifying of rural distribution that increased opportunities to buy ensured that carbonates products maintained their status as the largest category in soft drinks in 2004. The Rs5 strategy for small packs delivered significant off-trade volume growth and opened new possibilities in rural India, but proved to be unviable in the long run, with Coca-Cola India Pvt Ltd and PepsiCo India Holdings Pvt Ltd both raising prices to Rs6 in the latter half of 2004.

### 3.2 Health takes centre stage

Health and wellness were in sharp focus in 2004, and soft drinks products were quick to capitalize on this trend. Fruit/ vegetable juice and bottled water, pitching heavily on the purity and health positioning platforms, gained sharply in both total volume and value in 2004, partly at the cost of carbonates and juice drinks and partly by expansion through new launches and inducing trial.

The combination of increased awareness of contamination in carbonates, a trend towards healthy consumption, rising disposable incomes in the hands of young people exposed to western lifestyles, and aggressive promotion resulted in fruit/vegetable juice climbing to over 100 million litres in off-trade volume sales in 2004.

With increasing acceptance of bottled water as a necessary expense, greater tourism movement within India and activity by all companies, bottled water in particular gained 22% in off-trade volume sales, making bottled water the second largest category in soft drinks

### **3.3 Strong growth forecast in soft drinks**

The total off-trade volume of soft drinks is forecast to grow by a compounded average of 11% over the forecast period. Total value growth is expected to track total volume growth closely because intensifying competition in carbonates, which dominate in both total volume and value sales, is expected to keep prices per litre under check. However, 100% juice is forecast to experience price per litre increases as the pitch on the health platform is expected to enable manufacturers to keep their products relatively price-insensitive. With increases expected in tourism, distribution and a changing lifestyle, bottled water is the one to watch in the forecast period, with an expected CAGR of 15% in off-trade volume sales growth.

### **3.4 PepsiCo's India experience**

After a not so successful attempt to enter the Indian market in 1985, Pepsi re-entered in 1988 with a joint venture of PepsiCo, Punjab government-owned Punjab Agro Industrial Corporation (PAIC) and Voltas India Limited. By 1994, Pepsi took advantage of the liberalized policies and took control of Pepsi Foods by making an offer to both Voltas and PAIC to buy their equity. The Indian government gave concessions to the company, Pepsi was allowed to increase its turnover of beverages component to beyond 25 per cent and was no longer restricted by its commitment to export 50 per cent of its turnover.

Government approved more than US\$ 400 million worth of investment of which over US\$ 330 million has already been invested. The government also allowed PepsiCo to set up a new company in India called PepsiCo India Holdings Pvt Ltd, a wholly owned subsidiary of PepsiCo International, which is engaged in beverage manufacturing, bottling and exports activities as Pepsi Foods Ltd.

Since then, the company has bought over bottlers in different parts of India along with Dukes, a popular soft-drink brand in western India to consolidate its market share. This was followed by an introduction of Tropicana juice in the New Delhi and Bangalore markets in 1999.

Currently, soft drink concentrate, snack foods and vegetable and food processing are the key products of the company. Pepsi considers India, along with China, as one of the two largest and fastest growing businesses outside North America. Pepsi has 19 company owned factories while their Indian bottling partners own 21. The company has set up 8 Greenfield sites in backward regions of different states. PepsiCo intends to expand its operations and is planning an investment of approximately US\$ 150 million in the next two-three years.

### **3.5 Beverages**

The Indian beverage industry faces over supply in segments like coffee and tea. However, more than half of this is available in unpacked or loose form. Indian hot beverage market is a tea dominant market. Consumers in different parts of the country have heterogeneous tastes. Dust tea is popular in southern India, while loose tea is preferred in western India. The urban-rural split of the tea market was 51:49 in 2000. Coffee is consumed largely in the southern states. The size of the total packaged coffee market is 19,600 tonnes or US\$ 87 million. The urban rural split in the coffee market was 61:39 in 2000 as against 59:41 in 1995. The total soft drink (carbonated beverages and juices) market is estimated at 284 million crates a year or US\$ 1 billion. The market is highly seasonal in nature with consumption varying from 25 million crates per month during peak season to 15 million during off-season. The market is predominantly urban with 25 per cent Contribution from rural areas. Coca cola and Pepsi dominate the Indian soft drinks market<sup>12</sup>.

Mineral water market in India is a 65 million crates (US\$ 50 million) industry. On an average, the monthly consumption is estimated at 4.9 million crates, which increases to 5.2 million during peak season.

## CHAPTER 4

### DATA ANALYSIS AND INTERPRETATION

**Table-4.1**  
**Distribution based on the type of outlet**

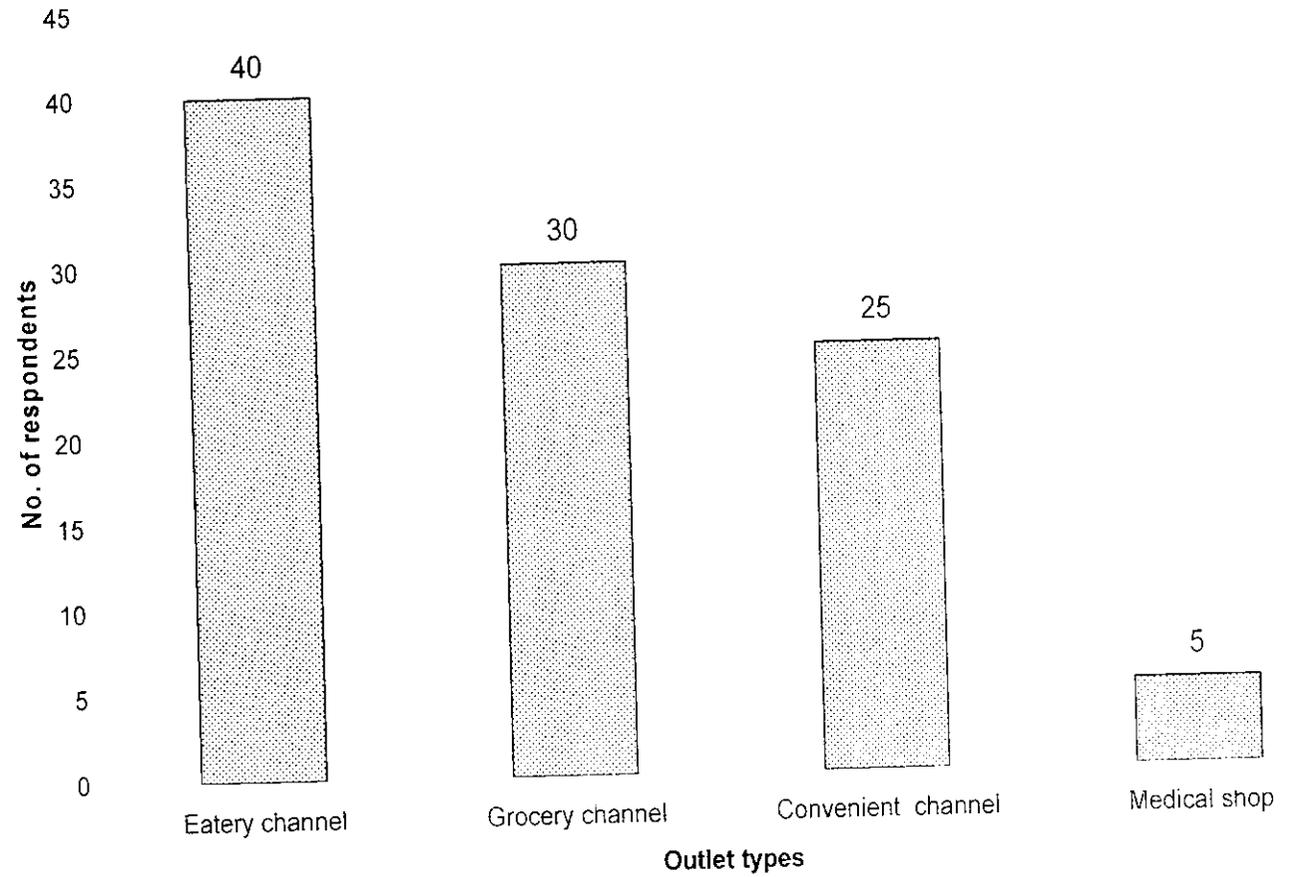
Category	No. of respondents	Percentage
Eatery channel	40	40
Grocery channel	30	30
Convenient channel	25	25
Medical shop	5	5
<i>Total</i>	<i>100</i>	<i>100</i>

#### **Inference:**

From the above table, it is inferred that 40% of the respondents belong to eatery channel, 30% belong to the grocery channel, 25% belong to the convenient channel and 5% sell soft drinks through medical shops.

#### **Interpretation:**

Thus majority (40%) of the respondents belong to eatery channel, which shows that soft drinks are mainly distributed through these channels.

**Chart-4.1****Distribution based on the type of outlet**

**Table-4.2**  
**Experience of retailers in dealing with soft drinks**

<b>Category</b>	<b>No. of respondents</b>	<b>Percentage</b>
Below 2 years	14	14
2-4 years	16	16
5-6 years	28	28
Above 6 years	42	42
<i>Total</i>	<i>100</i>	<i>100</i>

**Inference:**

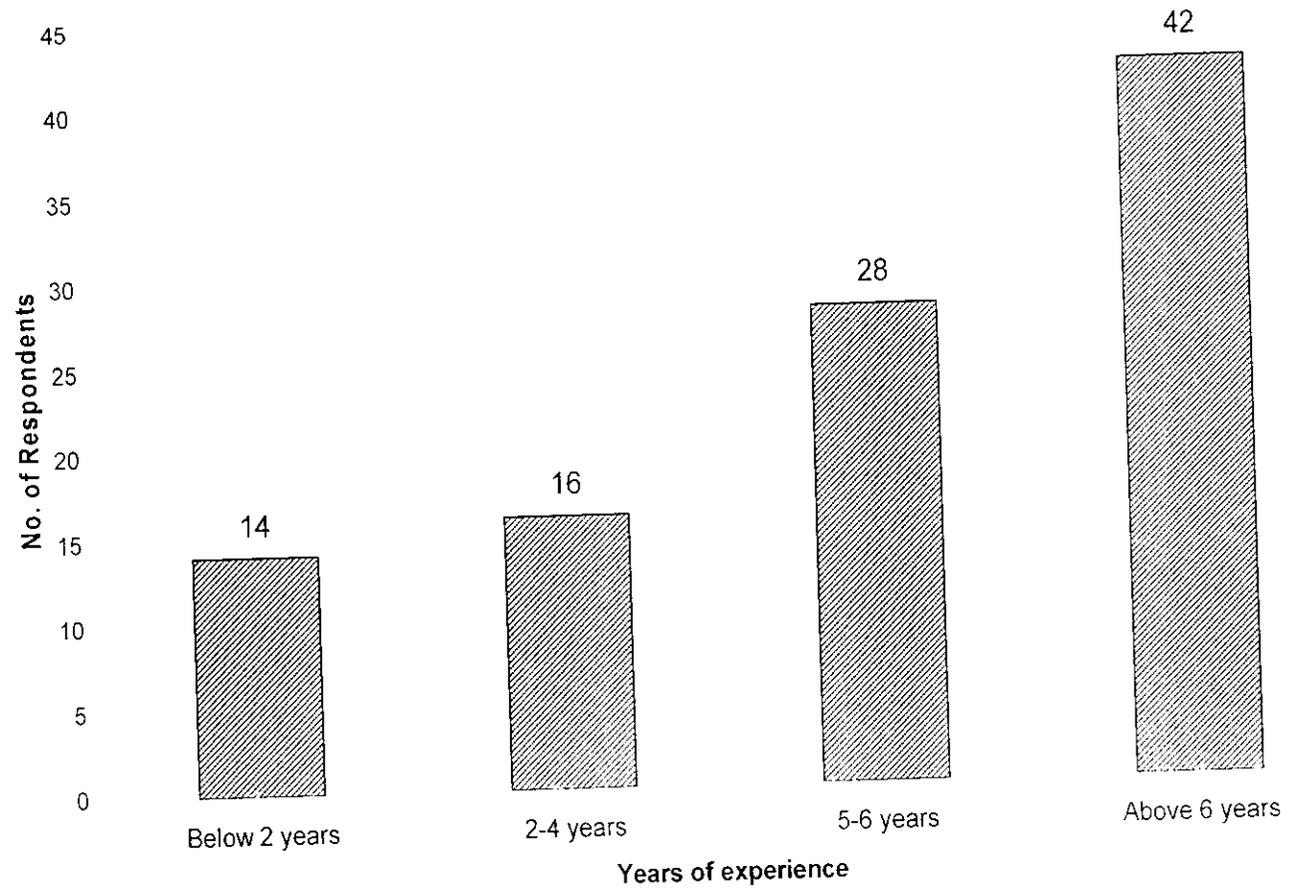
From the above table, it is inferred that 14% have less than two years of experience, 16% have 2-4 years of experience, 28% have 5-6 years of experience and 42% have more than six years of experience.

**Interpretation:**

Thus majority (42%) of the respondents have more than six years of experience, which indicates that they are well profited by this business and are more committed in carrying out the same business.

Chart-4.2

## Distribution based on experience



**Table-4.3**  
**The brands dealt by respondents**

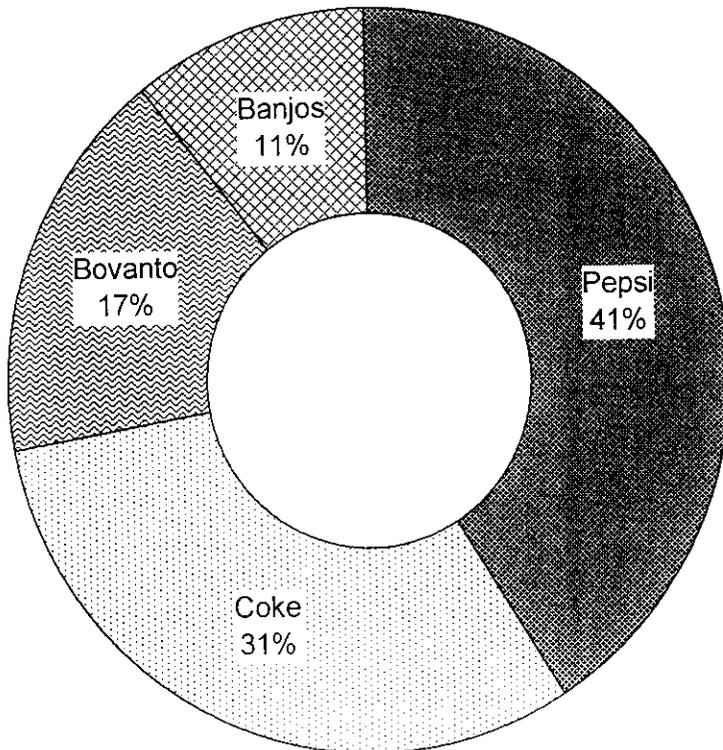
<b>Brand</b>	<b>No. of respondents</b>	<b>Percentage</b>
Pepsi	74	41.11
Coke	56	31.12
Bovanto	31	17.22
Banjós	19	10.55
<i>Total</i>	<i>180</i>	<i>100</i>

**Inference:**

From the above table, it is inferred that 41.11% of the respondents deal with Pepsi products, 31.12% deal with Coca Cola products, 17.22% deal with Bovanto and 10.55% deal with Banjos.

**Interpretation:**

Thus majority (41.11%) of the respondents deal with Pepsi products, which shows that Pepsi products are more popular among the retailers and must have more demand in the market and also contribute more to the profit of the retailers.

**Chart-4.3****Distribution based on the brands dealt by the respondents**

**Table-4.4**  
**Average sales per month (in crates) in eatery channel**

Particulars	0-10	11-20	21-30	31-40	41-50	Average
Pepsi	2	13	17	6	2	23.25
Coca-cola	6	14	13	5	2	20.75
Bovanto	13	16	8	3	0	15.25
Others	17	13	8	2	0	13.75

**Inference:**

From the above table, it is inferred that that an average of 23.25% crates of Pepsi products are sold per month, 20.75% crates of Coca Cola products are sold per month, 15.25% crates of Bovanto are sold per month and 13.75% crates of various other brands are sold per month.

**Interpretation:**

Thus majority (23.25%) of the soft drinks that are sold in the eatery channels are Pepsi products, which shows that Pepsi products have more demand in the market and also contribute more to the profit of the retailers.

**Table-4.5****Average sales per month (in crates) in grocery channel**

<b>Particulars</b>	<b>0-10</b>	<b>11-20</b>	<b>21-30</b>	<b>31-40</b>	<b>41-50</b>	<b>Average</b>
Pepsi	4	9	12	3	2	21.16
Coca-cola	5	12	9	2	2	19.7
Bovanto	9	14	6	1	0	14.6
Others	11	13	5	1	0	13.7

**Inference:**

From the above table, it is inferred that that an average of 21.16% crates of Pepsi products are sold per month, 19.70% crates of Coca Cola products are sold per month, 14.60% crates of Bovanto are sold per month and 13.70% crates of various other brands are sold per month.

**Interpretation:**

Thus majority (21.16%) of the soft drinks that are sold in the grocery channels are Pepsi products, which shows that Pepsi products have more demand in the market and also contribute more to the profit of the retailers.

**Table-4.6**  
**Average sales per month (in crates) in Convenient channel**

Particulars	0-10	11-20	21-30	31-40	41-50	Average
Pepsi	5	6	8	4	2	21.8
Coca-cola	6	9	6	3	1	18.6
Bovanto	8	11	5	1	0	14.6
Others	11	6	7	1	0	14.2

**Inference:**

From the above table, it is inferred that that an average of 21.8% crates of Pepsi products are sold per month, 18.60% crates of Coca Cola products are sold per month, 14.60% crates of Bovanto are sold per month and 14.20% crates of various other brands are sold per month.

**Interpretation:**

Thus majority (21.8%) of the soft drinks that are sold in the convenient channels are Pepsi products, which shows that Pepsi products have more demand in the market and also contribute more to the profit of the retailers.

**Table-4.7****Average sales per month (in crates) in medical shop**

<b>Particulars</b>	<b>0-10</b>	<b>11-20</b>	<b>21-30</b>	<b>Average</b>
Pepsi	2	3	0	11
Coca-cola	3	2	0	9
Bovanto	2	2	1	13
Others	4	1	0	7

**Inference:**

From the above table, it is inferred that an average of 11% crates of Pepsi products are sold per month, 9% crates of Coca Cola products are sold per month, 13% crates of Bovanto are sold per month and 7% crates of various other brands are sold per month.

**Interpretation:**

Thus majority (13%) of the soft drinks that are sold in the medical shops are Bovanto products. Since Bovanto is believed to be a good appetizer and an ailment against stomach aches it is sold in a considerable amount against the top brands in the medical shops.

**Table-4.8 Average monthly income of retailers in eatery channel through the sale of soft drinks**

Monthly income	No. of respondents	Percentage
0-500	4	10
501-1000	11	27.5
1001-1500	7	17.5
Above 1500	18	45
<i>Total</i>	<i>40</i>	<i>100</i>

*Weighted Average 1237.5*

### **Inference:**

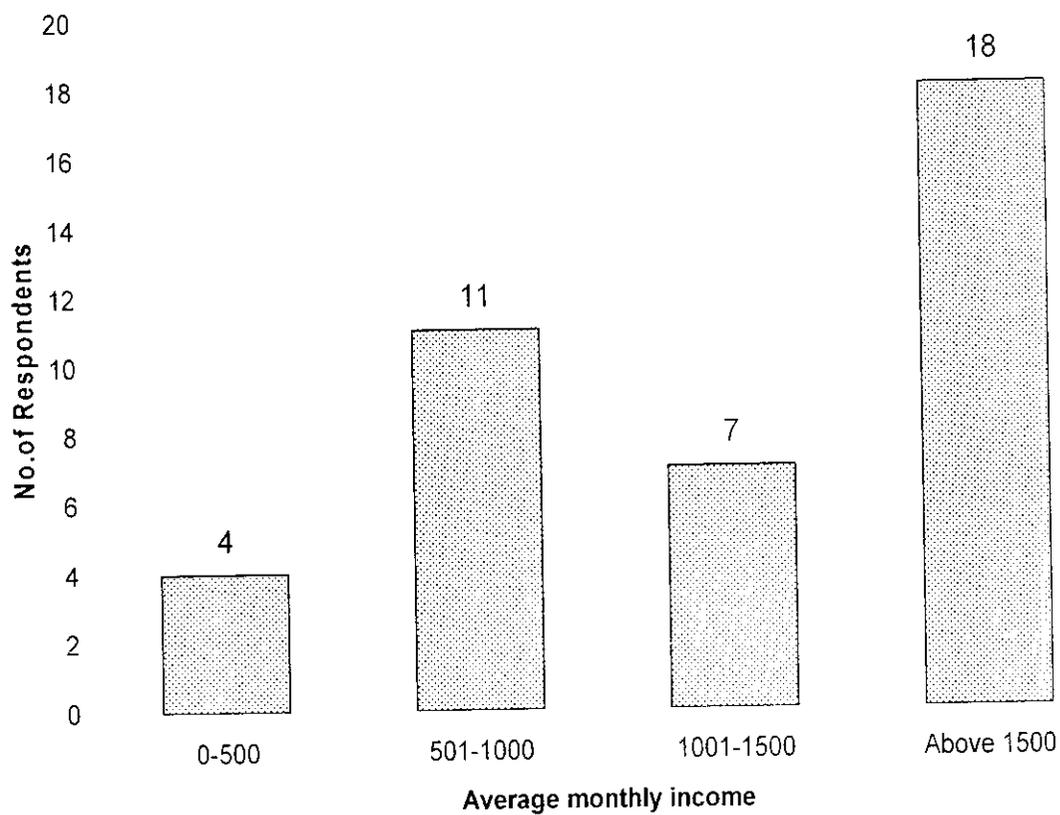
From the above table, it is inferred that 10% of the respondents get less than Rs500 as average monthly income, 27.5% get between Rs500 and Rs1000 as average monthly income, 17.5% get between Rs1001 and Rs1500 as average monthly income and 45% get more than Rs1500 as average monthly income due to soft drink sales in the eatery channels. The weighted average is found to be Rs1237.5

### **Interpretation:**

Thus majority (45%) of the respondents of the eatery channel get more than Rs1500 as average monthly income due to soft drink sales which makes them continue the same business in the long run.

**Chart-4.4**

**Distribution based on average monthly income in eateries through soft drinks**



**Table-4.9 Average monthly income of retailers in grocery channel through the sale of soft drinks**

Monthly income	No. of respondents	Percentage
0-500	3	10
501-1000	7	23.33
1001-1500	9	30
Above 1500	11	36.67
<i>Total</i>	<i>30</i>	<i>100</i>

*Weighted Average 1216.67*

### **Inference:**

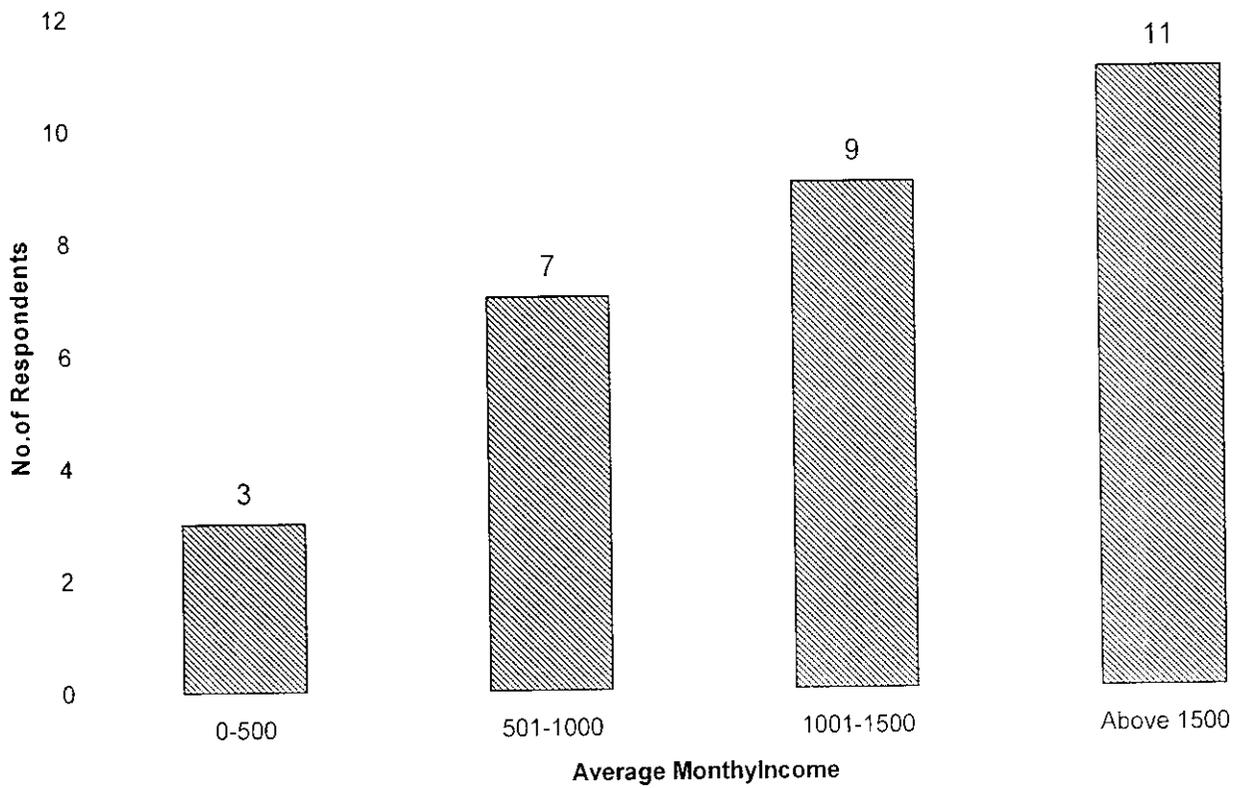
From the above table, it is inferred that 10% of the respondents get less than Rs500 as average monthly income, 23.33% get between Rs500 and Rs1000 as average monthly income, 30% get between Rs1001 and Rs1500 as average monthly income and 36.67% get more than Rs1500 as average monthly income due to soft drink sales in the grocery channels. The weighted average is found to be Rs 1216.67

### **Interpretation:**

Thus majority (36.67%) of the respondents of the grocery channel get more than Rs1500 as average monthly income due to soft drink sales which makes them continue the same business in the long run.

**Chart-4.5**

**Distribution based on average monthly income in groceries through soft drinks**



**Table-4.10 Average monthly income of retailers in convenient channel through the sale of soft drinks**

Monthly income	No. of respondents	Percentage
0-500	3	12
501-1000	7	28
1001-1500	6	24
Above 1500	9	36
<i>Total</i>	25	100

*Weighted Average 1170*

### **Inference:**

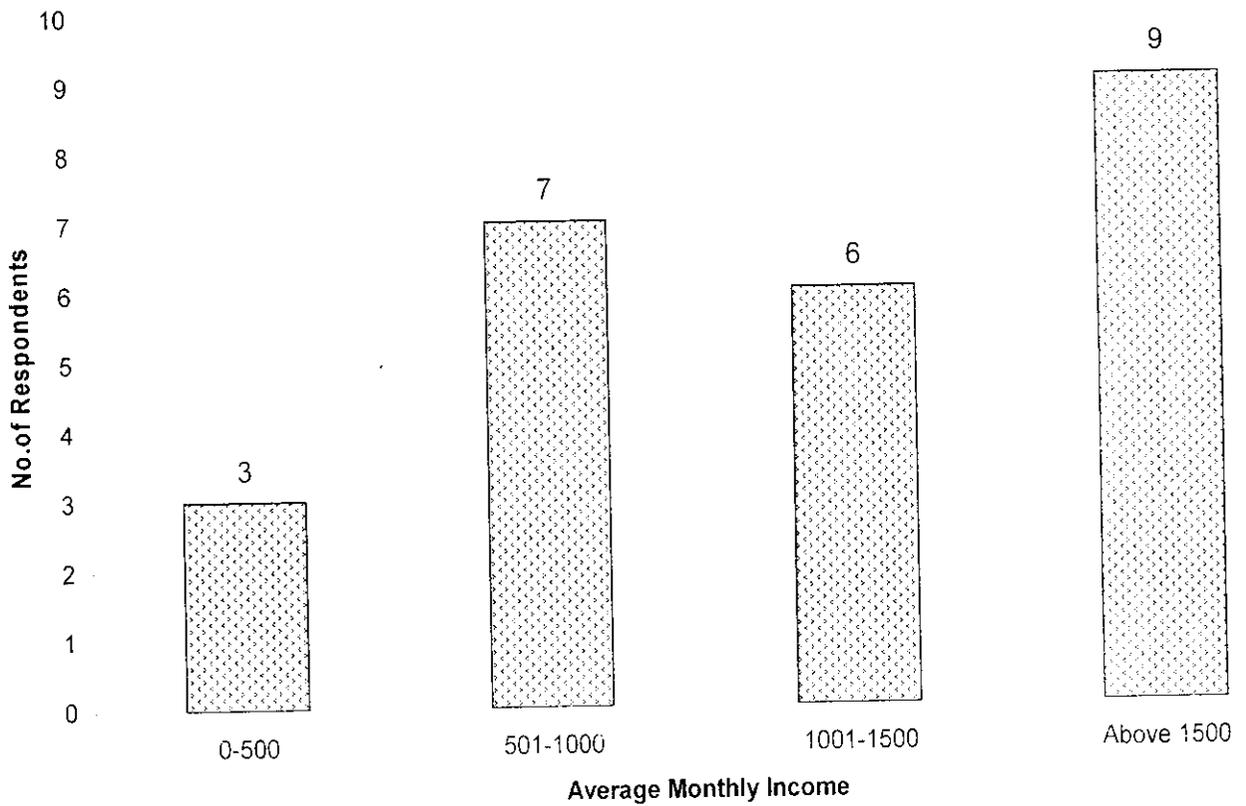
From the above table, it is inferred that 12% of the respondents get less than Rs500 as average monthly income, 28% get between Rs500 and Rs1000 as average monthly income, 24% get between Rs1001 and Rs1500 as average monthly income and 36% get more than Rs1500 as average monthly income due to soft drink sales in the convenient channels. The weighted average is found to be Rs 1170

### **Interpretation:**

Thus majority (36%) of the respondents of the convenient channel get more than Rs1500 as average monthly income due to soft drink sales. Since it contributes to an additional income in these channels, they prefer to continue the same business in the long run.

**Chart-4.6**

**Distribution based on the average monthly income in convenient channel through soft drinks**



**Table-4.11 Average monthly income of retailers in medical shop through the sale of soft drinks**

Monthly income	No. of respondents	Percentage
0-500	1	20
501-1000	2	40
1001-1500	1	20
Above 1500	1	20
<i>Total</i>	5	<i>100</i>

*Weighted Average 950*

### **Inference:**

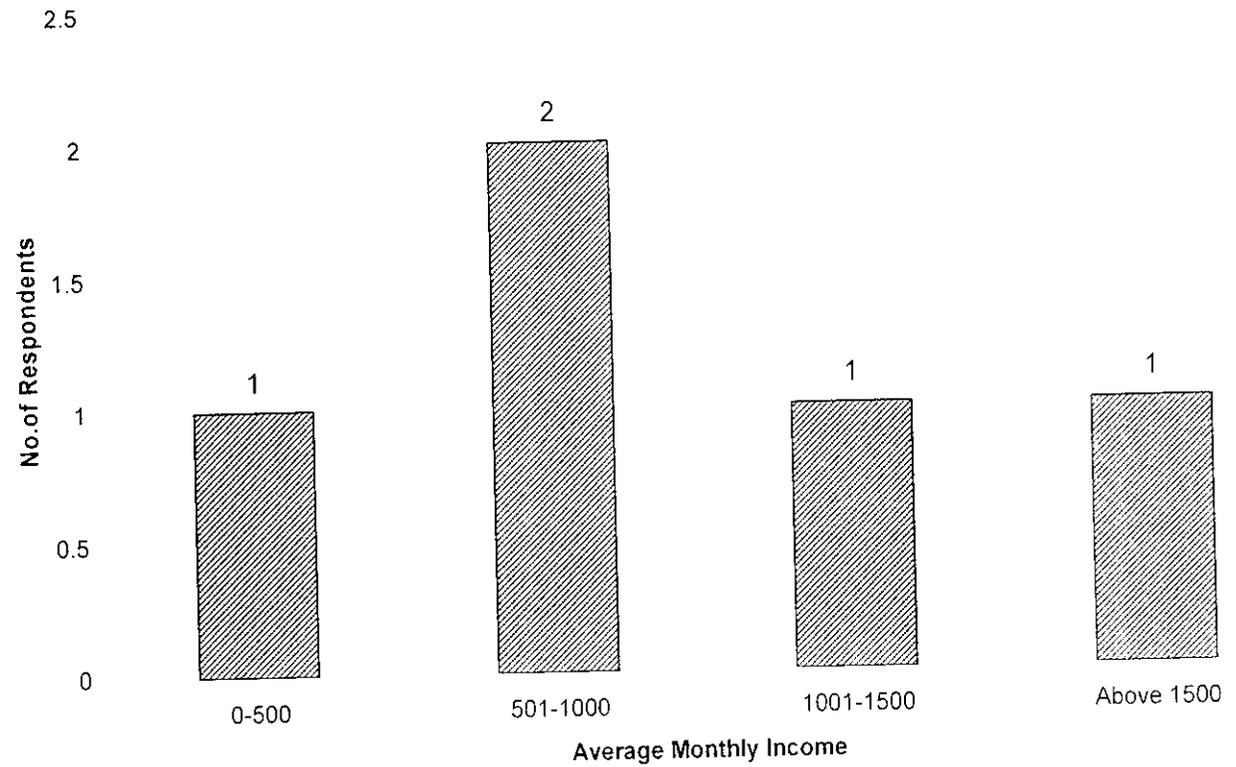
From the above table, it is inferred that 20% of the respondents get less than Rs500 as average monthly income, 40% get between Rs500 and Rs1000 as average monthly income, 20% get between Rs1001 and Rs1500 as average monthly income and 20% get more than Rs1500 as average monthly income due to soft drink sales in the medical shops. The weighted average is found to be Rs 950.

### **Interpretation:**

Thus majority (40%) get between Rs500 and Rs1000 as average monthly income due to soft drink sales. Since it contributes to an additional income in these channels, they prefer to continue the same business in the long run.

**Chart-4.7**

**Distribution based on the average monthly income in medical shops through soft drinks**



**Table-4.12**  
**Preference pattern of consumers**

<b>Group</b>	<b>No. of respondents</b>	<b>Percentage</b>
Children	18	18
Teenagers	48	48
Adult	22	22
All the above	12	12
<i>Total</i>	<i>100</i>	<i>100</i>

**Inference:**

From the above table, it is inferred that 18% of the respondents believe that children are their major customers, 48% believe that teenagers are their major customers, 22% believe that adults are their major customers and 12% believe that all the above categories influence the sales of soft drinks.

**Interpretation:**

Thus majority (48%) of the respondents believe that teenage people buy soft drink products more frequently and influence the sales in all the channels of distribution.

**Table-4.13**  
**Stock movement of various brands**

Particular	Fast movement		Medium movement		Slow movement		Non movement	
	No. of Res	In %	No. of Res	In %	No. of Res	In %	No. of Res	In %
Pepsi	57	13.8	27	8.13	11	6.14	5	6.58
Mirinda	60	14.52	28	8.43	10	5.59	2	2.63
7 up	40	9.68	32	9.64	20	11.17	8	10.53
Slice	48	11.62	32	9.64	16	8.94	4	5.26
Coca-cola	24	5.81	35	10.54	28	15.64	13	17.1
Fanta	36	8.71	32	9.64	24	13.41	8	10.53
Sprite	32	7.75	40	12.05	16	8.94	12	15.79
Maaza	44	10.65	36	10.84	16	8.94	4	5.26
Bovanto	40	9.68	36	10.84	15	8.38	9	11.84
Banjios	32	7.75	34	10.24	23	12.85	11	14.47
<i>Total</i>	<i>413</i>	<i>100</i>	<i>332</i>	<i>100</i>	<i>179</i>	<i>100</i>	<i>76</i>	<i>100</i>

### Interpretation:

Pepsi products are found to be the fast moving brands in the soft drinks category. The top three fast moving products are Mirinda, Pepsi, and Slice. Among the slow moving products Coca Cola comes first with 17.1%. The next among the slow moving products are Sprite and Banjos.

**Table-4.14**  
**Fastest moving packing size of the soft drinks**

<b>Package size</b>	<b>No. of respondents</b>	<b>Percentage</b>
200 ml	74	74
300 ml	16	16
600 ml	6	6
1.5-2 litre	4	4
<i>Total</i>	<i>100</i>	<i>100</i>

**Inference:**

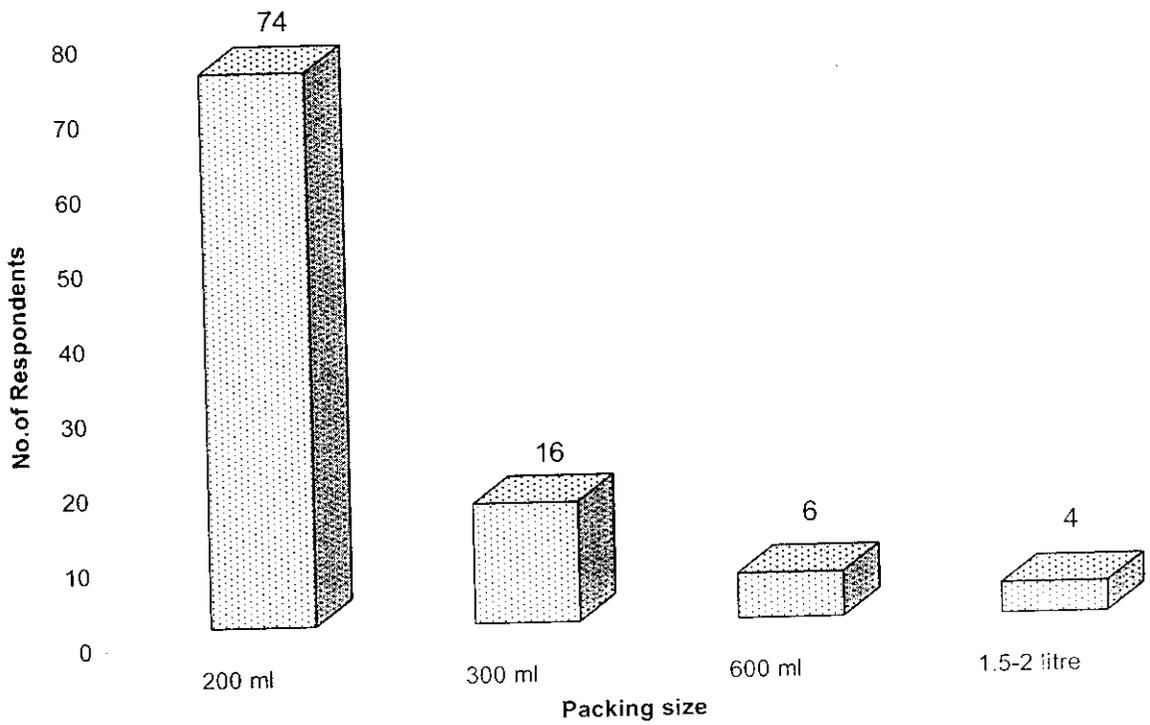
From the above table, it is inferred that 74% of the respondents say that 200ml bottles move faster, 16% say that 300ml bottles move faster, 6% say that 600ml bottles move faster and 4% say that 1.5-2 litre bottles move faster.

**Interpretation:**

Thus majority (74%) of the respondents responded that 200ml bottles move faster in the market. Since these quantities tend to be the right consumable quantity for the individuals, these 200 ml bottles tend to be the fastest moving packing size of the soft drink category.

**Chart-4.8**

**Distribution based on the fastest moving packing size of the soft drinks**



**Table-4.15**  
**Dealers visit for taking orders**

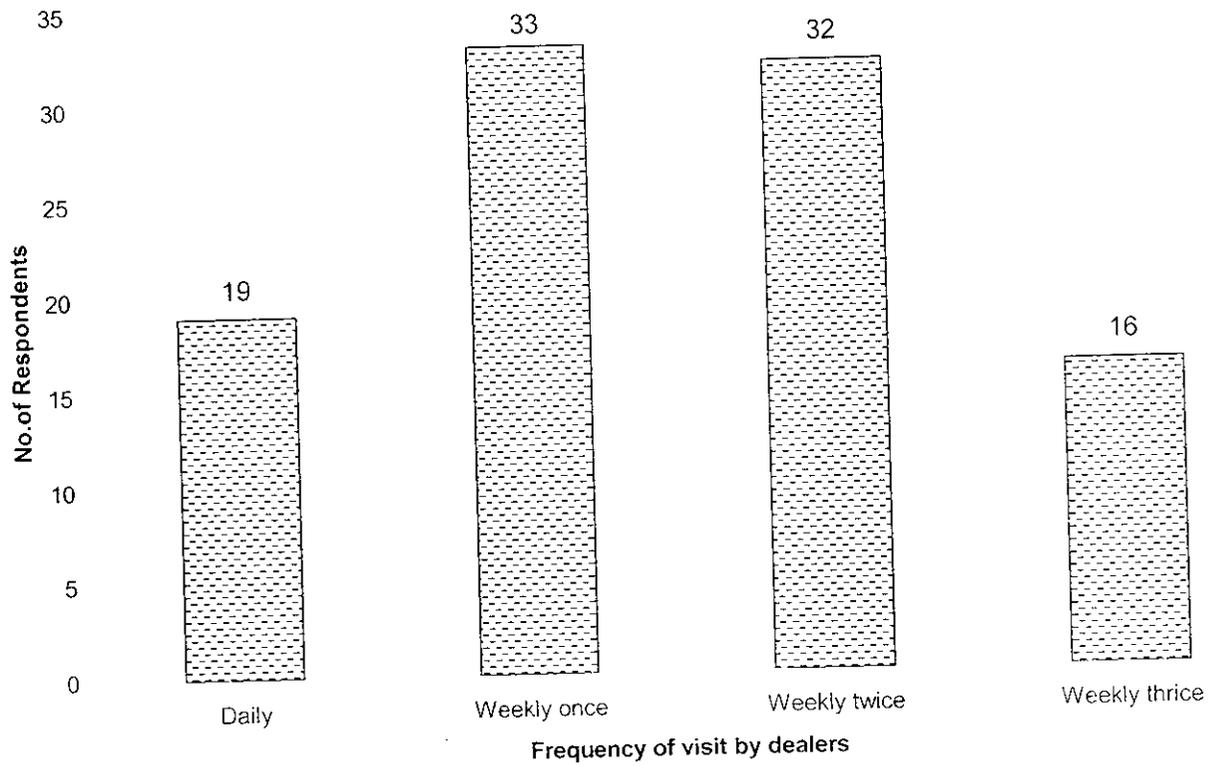
Particulars	No. of respondents	Percentage
Daily	19	19
Weekly once	33	33
Weekly twice	32	32
Weekly thrice	16	16
<i>Total</i>	<i>100</i>	<i>100</i>

**Inference:**

From the above table, it is inferred that 19% of the respondents say that dealers visit them daily, 33% say that dealers visit them weekly once, 32% say that dealers visit them weekly twice and 16% say that dealers visit them weekly thrice.

**Interpretation:**

Thus majority (33%) of the respondents responded that dealers visit them weekly once. Since the retail channels are distributed widely over the city, a weekly visit is found to be the ideal schedule for the dealers.

**Chart-4.9****Distribution based on the dealers' visit for taking orders**

**Table-4.16**  
**Possession of cooling equipments**

<b>Particulars</b>	<b>No. of respondents</b>	<b>Percentage</b>
Pepsi	37	37
Coca-cola	26	26
Both Pepsi & Coke	15	15
Own possession	22	22
<i>Total</i>	<i>100</i>	<i>100</i>

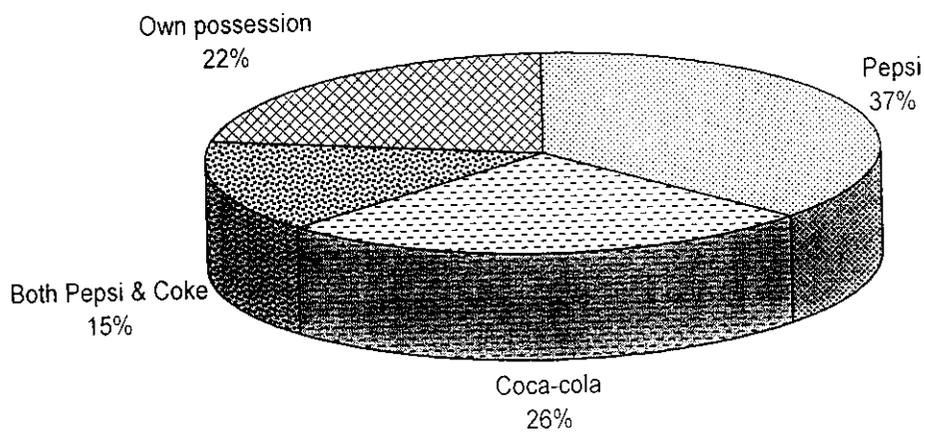
**Inference:**

From the above table, it is inferred that 37% of the respondents say that they possess cooling equipment provided by Pepsi, 26% say that they possess cooling equipment provided by Coca Cola, 15% say that they possess cooling equipment provided by both Pepsi and Coke and 22% say that they possess their own cooling equipment.

**Interpretation:**

Thus majority (37%) of the respondents responded that they possess cooling equipment provided by Pepsi because of the scheme 'own your asset' and good maintenance assistance provided by Pepsi.

**Chart-4.10**  
**Distribution based on the possession of cooling equipment**



P-1971

**Table-4.17**  
**Satisfactory level about dealer's service**

Particulars	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Weighted average
Availability of product	74	14	6	3	3	4.53
Commission	7	32	18	40	3	3.00
Credit terms	13	24	21	39	3	3.05
Better service	42	38	14	6	0	4.16
Delivery	65	20	6	9	0	4.41

**Interpretation:**

The respondents feel highly satisfied about the availability of the product. There is a little dissatisfaction to the commission and credit terms provided by the dealers. The respondents are satisfied towards the service and delivery provided by the dealers.

**Table-4.18**  
**Satisfactory level about company's service**

Particulars	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Weighted average
Proper incentives	27	29	10	24	10	3.39
Cooling equipment	43	21	9	21	6	3.74
Credit terms	7	27	18	40	8	2.85
Promotional activities	28	29	21	18	4	3.59
Others	19	29	24	17	11	3.28

**Inference:**

From the above table it is inferred that 29 respondents are satisfied by the incentives provided, 43 respondents are highly satisfied by the cooling equipment, 40 respondents are dissatisfied by the credit terms and 29 respondents are satisfied by the promotional activities provided by the company.

**Interpretation:**

The respondents do not have a strong opinion towards the incentives, cooling equipment and promotional activities provided by the company. The respondents are highly dissatisfied by the credit terms provided by the company because the retailers are to pay the amount on the delivery of the product to their respective dealers which otherwise can get the orders canceled.

**Table-4.19**  
**Factors influencing consumers to decide the product**

<b>Particulars</b>	<b>No. of respondents</b>	<b>Percentage</b>
Advertisements	46	46
Brand	18	18
Price	8	8
Package	1	1
Taste	21	21
Availability of product	6	6
<i>Total</i>	<i>100</i>	<i>100</i>

**Inference:**

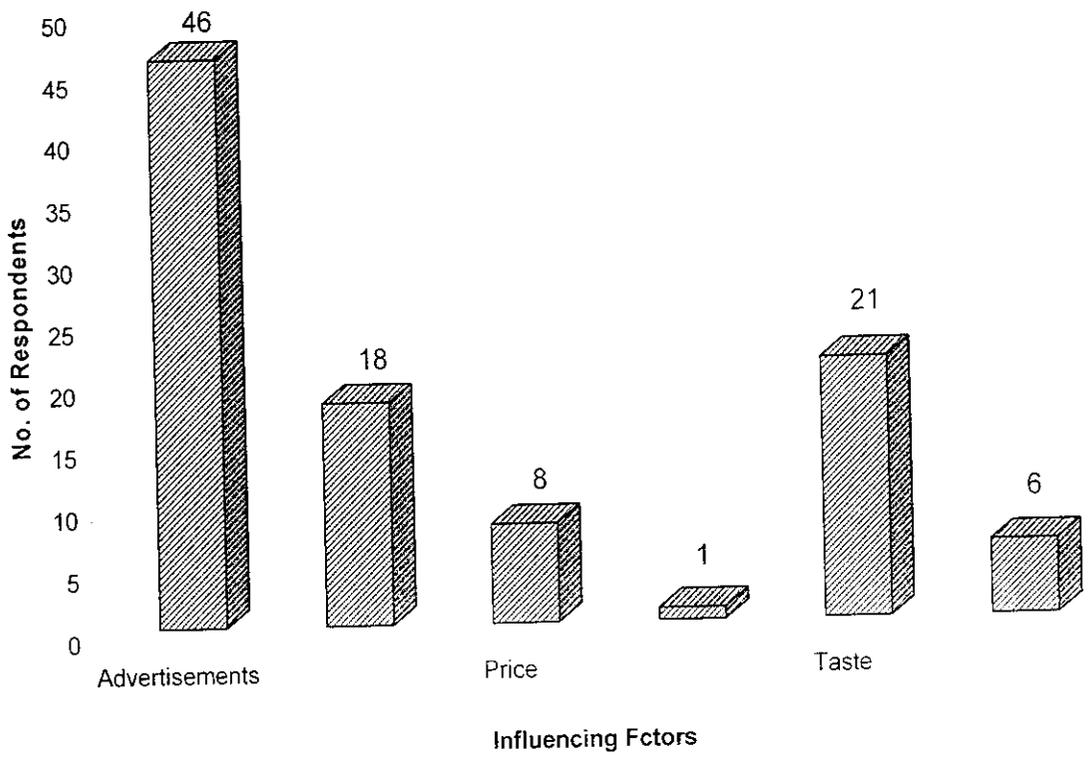
From the above table it is inferred that 46% of respondents believe that advertisements are major factors, 18% believe that brand name is a major factor, 8% believe that price is a major factor, 1% believe that package of the product is a major factor, 21% believe that taste is a major factor, 6% believe that availability of the product is a major factor influencing the consumer to buy a product.

**Interpretation:**

Thus majority (46%) of the respondents responded that advertisements are the major factors influencing the consumers to buy a product. Because of the prolonged exposure of the people to the media, advertisements have created an interest towards these products available in the market.

**Chart-4.11**

**Distribution based on the factors influencing the customers to buy a product**



**Table-4.20**  
**Promotional methods used for increasing the sales**

<b>Particulars</b>	<b>No. of respondents</b>	<b>Percentage</b>
Contests	8	8
Premium	3	3
Offer	41	41
Gifts	21	21
Free trips	9	9
Allowances	2	2
P.O.P	5	5
Others	11	11
<i>Total</i>	<i>100</i>	<i>100</i>

**Inference:**

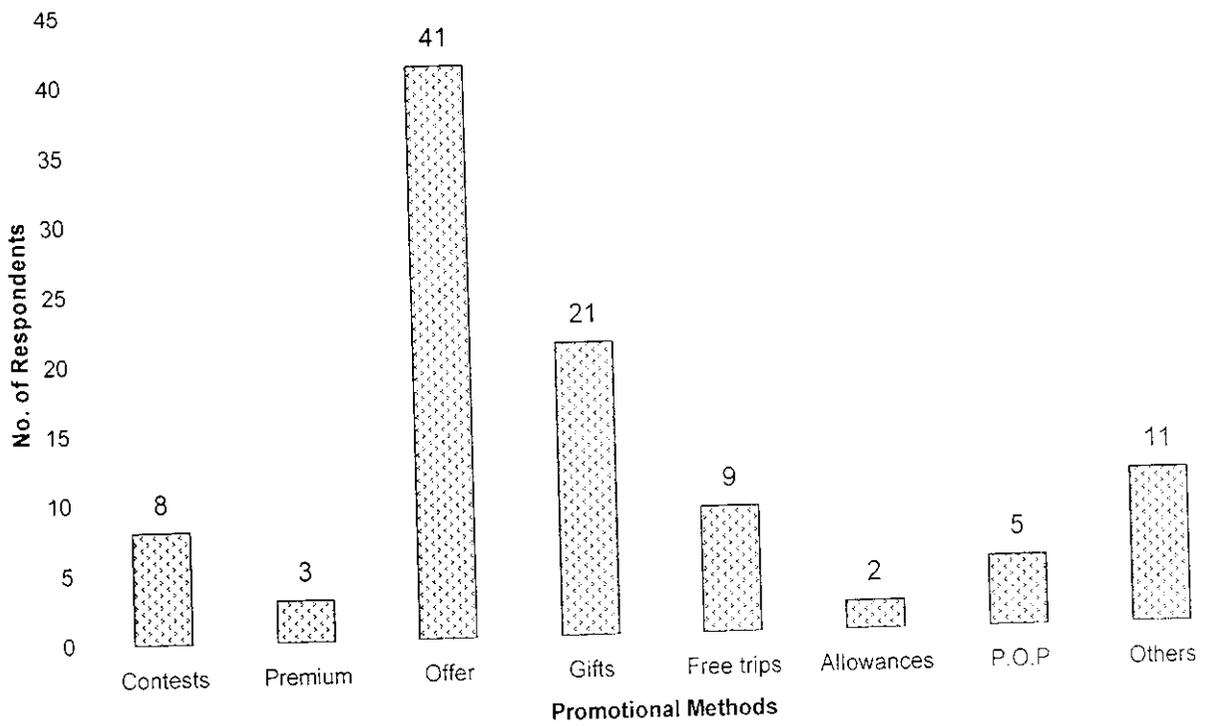
From the above table it is inferred that 8% of respondents say contests. 3% say premium. 41% say offer, 21% say gifts, 9% say free trips, 2% say allowances. 5% say point of purchase can be used as promotional methods used to increase the sales.

**Interpretation:**

Thus majority (41%) of the respondents prefer that the company should give offers to increase the sale of the product.

Chart-4.12

Distribution based on the promotional methods for increasing the sales among retailers



## CHI SQUARE ANALYSIS

Chi Square tests enable us to test whether more than two population proportions can be considered equal. If we classify a population into several categories with respect to two attributes, we can use a chi square test to determine whether the two attributes are independent of each other<sup>13</sup>.

**C.1 Defining the problem:** The researcher believes that the average monthly income generated in the eatery channel is contributed by the soft drink sales in these channels. The chi square test is used to find whether there is a relation between those two attributes.

### Stating the hypothesis:

**H<sub>0</sub>:** there is no significant relation between the average monthly sale of soft drinks and the average monthly income generated in the eateries.

**H<sub>1</sub>:** there is a significant relation between the average monthly sale of soft drinks and the average monthly income generated in the eateries.

Level of significance  $\alpha = 0.05$

### Contingency table

Income \ Sales	0-20	21-50	Total
0 - 500	4	0	4
501 - 1000	10	1	11
1001 - 1500	2	5	7
Above 1500	7	11	18
<b>Total</b>	23	17	<b>40</b>

### Interpretation:

At 0.05 level of significance and 3 degrees of freedom, the expected chi square value is 7.815. Since the observed chi square value (11.535) is greater than the expected value (7.815), we *reject the null hypothesis (H<sub>0</sub>)*. Thus we can conclude that there is a relation between the average monthly sale of soft drinks and the average monthly income generated in the eateries.

**C.2 Defining the problem:** The researcher believes that the average monthly income generated in the grocery channel is contributed by the soft drink sales in these channels. The chi square test is used to find whether there is a relation between those two attributes.

**Stating the hypothesis:**

**H<sub>0</sub>:** there is no significant relation between the average monthly sale of soft drinks and the average monthly income generated in the groceries.

**H<sub>1</sub>:** there is a significant relation between the average monthly sale of soft drinks and the average monthly income generated in the groceries.

Level of significance  $\alpha = 0.05$

**Contingency table**

Sales Income \	0-20	21-50	Total
0 - 500	3	0	3
501 - 1000	6	1	7
1001 - 1500	5	4	9
Above 1500	3	8	11
Total	17	13	30

**Interpretation:**

At 0.05 level of significance and 3 degrees of freedom, the expected chi square value is 7.815. Since the observed chi square value (10.626) is greater than the expected value (7.815), we *reject the null hypothesis (H<sub>0</sub>)*. Thus we can conclude that there is a significant relation between the average monthly sale of soft drinks and the average monthly income generated in the groceries.

**C.3 Defining the problem:** The researcher believes that the average monthly income generated in the convenient channel is contributed by the soft drink sales in these channels. The chi square test is used to find whether there is a relation between those two attributes.

**Stating the hypothesis:**

**H<sub>0</sub>:** there is no significant relation between the average monthly sale of soft drinks and the average monthly income generated in the convenient channel.

**H<sub>1</sub>:** there is a significant relation between the average monthly sale of soft drinks and the average monthly income generated in the convenient channel.

Level of significance  $\alpha = 0.05$

**Contingency table**

<b>Income \ Sales</b>	<b>0-20</b>	<b>21-50</b>	<b>Total</b>
<b>0-500</b>	3	0	3
<b>501-1000</b>	1	6	7
<b>1001-1500</b>	5	1	6
<b>Above 1500</b>	4	5	9
<b>Total</b>	13	12	25

**Interpretation:**

At 0.05 level of significance and 3 degrees of freedom, the expected chi square value is 7.815. Since the observed chi square value (10.115) is greater than the expected value (7.815), we *reject the null hypothesis (H<sub>0</sub>)*. Thus we can conclude that there is a significant relation between the average monthly sale of soft drinks and the average monthly income generated in the convenient channel.

**C.4 Defining the problem:** The researcher believes that the average monthly income generated in the medical shops is also contributed by the soft drink sales in these channels. The chi square test is used to find whether there is a relation between those two attributes.

**Stating the hypothesis:**

**H<sub>0</sub>:** there is no significant relation between the average monthly sale of soft drinks and the average monthly income generated in the medical shops.

**H<sub>1</sub>:** there is a significant relation between the average monthly sale of soft drinks and the average monthly income generated in the medical shops.

$$\alpha = 0.05$$

**Contingency table**

<b>Income \ Sales</b>	<b>0-15</b>	<b>16-30</b>	<b>Total</b>
<b>0-500</b>	1	0	1
<b>501-1000</b>	0	2	2
<b>1001-1500</b>	1	0	1
<b>Above 1500</b>	1	0	1
<b>Total</b>	3	2	5

**Interpretation:**

At 0.05 level of significance and 3 degrees of freedom, the expected chi square value is 7.815. Since the observed chi square value (8.231) is greater than the expected value (7.815), we *reject the null hypothesis (H<sub>0</sub>)*. Thus we can conclude that there is a significant relation between the average monthly sale of soft drinks and the average monthly income generated in the medical shops.

## CHAPTER 5

### CONCLUSIONS

#### 5.1 FINDINGS

- PEPSI products lead the soft drinks market in Trichy city followed by Coca Cola.
- Majority (40%) of the respondents belong to eatery channel, which shows that soft drinks are mainly distributed through these channels.
- Majority (42%) of the respondents have more than six years of experience, which indicates that they are well profited by this business and are more committed in carrying out the same business.
- 41.11% of the respondents deal with Pepsi products, which indicate Pepsi as the market leader in the soft drinks category in the city.
- Majority (23.25%) of the soft drinks that are sold in the eatery channels are Pepsi products
- Majority (21.16%) of the soft drinks that are sold in the grocery channels are Pepsi products
- Majority (21.8%) of the soft drinks that are sold in the convenient channels are Pepsi products
- Bovanto products (13%) are sold more in the medical shops than other brands.
- Majority (45%) of the respondents of the eatery channel get more than Rs1500 as average monthly income due to soft drink sales. The weighted average monthly income generated in these channels are Rs 1237.5
- Majority (36.67%) of the respondents of the grocery channel get more than Rs1500 as average monthly income due to soft drink sales. The weighted average monthly income generated in these channels are Rs 1216.67
- Majority (36%) of the respondents of the convenient channel get more than Rs1500 as average monthly income due to soft drink sales. The weighted average monthly income generated in these channels are Rs 1170
- Majority (40%) of the respondents of the medical shops get more than Rs1500 as average monthly income due to soft drink sales. The weighted average monthly income generated in these channels are Rs 950

- 48% of the retailers believe that teenage people buy soft drinks more frequently and are the major influence of sales.
- Pepsi products are found to be the fast moving brands in the soft drinks category.
- The top three fast moving products are Mirinda, Pepsi and Slice.
- The top three slow moving products are Coca cola, Sprite and Banjos.
- 74% of the retailers responded that 200ml bottles move faster than other packing sizes in the market.
- Majority (33%) of the retailers responded that dealers visit them only once in the week.
- Majority (37%) of the retailers responded that they possess cooling equipment provided by Pepsi because of the scheme 'own your asset' and good maintenance assistance provided by Pepsi.
- The retailers feel highly satisfied about the availability of the product.
- The retailers are highly dissatisfied of the commission and credit terms provided by the dealers as well as the company.
- Majority (46%) of the retailers responded that advertisements are the major factors influencing the consumers to buy a product.
- Majority (41%) of the retailers prefer that the company should give better offers to increase the sale of the product.
- Using the Chi Square tests it was found that there is a significant relation between the monthly sale of soft drinks and the average monthly income generated in all the four channels of distribution.

## 5.2 SUGGESTIONS

- Since eateries form the largest channel of distribution, the soft drinks can be merged with snack items as a combo pack.
- Since many convenient channels have benefited from soft drink sales, the company can concentrate on all possible shops and merchants to distribute their products.
- The company can concentrate on less carbonated drinks to meet out competitors like Bovanto and Banjos and capture the health conscious customer group in the market.
- Special programmes can be organized to motivate the retailers and to make them aware about various schemes available and increase the sales.
- In order to get the goodwill from low level retailers, the dealers as well the company should allow credit facilities to some extent to the retailers.
- Since advertisements and teenagers are the major influence of sales, the company can also concentrate more on advertisements that influence other segments of people.

### 5.3 CONCLUSION

The study findings are based on a specially designed questionnaire collected from a sample of 100 respondents identified on the basis of convenience. The retailers are divided into four categories namely eatery channel, grocery channel, convenient channel and medical shops and their level of satisfaction are measured using certain statistical tools of analysis.

From the study it is concluded that Pepsi has a strong presence in the soft drink market. The study reveals that the retailers are satisfied with the marketing mix of Pepsi products but still they feel that Pepsi has to improve the services and promotional activities. The company has to provide some credit to the retailers to get the goodwill out of them. Thus the company can capitalize opportunities and take appropriate steps to overcome the threats of both multinational and local brands and lead the market of soft drinks. Hence new products can grow into strong brands only if they are well supported at the point of purchase through display and promotion. So the retailers should be motivated well and their satisfaction is very essential.

## ANNEXURE

### Questionnaire for studying the attitude of retail outlets towards soft drinks

Name of the retailer

Age

Address

1. In which of the following category you belong

Convenient channel  Eatery channel

Grocery channel  Medical shop

2. How long you are engaged in soft drinks business

Below 2 years  2-4 years

4-6 years  Above 2 years

3. What are the brand of soft drinks you are dealing with

4. Average sales per month ( in crates)

Pepsi

Coke

Bovanto

Others

5. Average income of soft drinks per month

0-500  501-1000

1001-1500  above 1500

6. Which group persons mostly prefer soft drinks

Children  Adult  teenagers  Old people

7. Tick the stock movement of the following

Product	Fast moving	Medium moving	Slow moving	Non moving
Pepsi				
Mirinda				
7 up				
Slice				
Coca cola				
Fanta				
Sprite				
Maaza				
Bovonta				
Others				

8. Mention the fastest moving packing size of the soft drinks

200ml  300ml  500ml  2litre

9. How often dealers you visit for taking orders

Daily  Weekly once  Weekly twice  Weekly thrice

10. Do you have cooling equipment

Yes  No , if yes mention \_\_\_\_\_

11. Mention your level of satisfaction about dealers service

	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied
Availability of product					
Commission					
Credit terms					
Better service					
Proper delivery					

12. Mention your level of satisfaction about company's service

	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied
Proper incentives					
Cooling equipment					
Credit terms					
Promotional activities					
others					

13. Mention the factors influencing the customers to decide the product

Advertisement  Brand  Price  Package  Taste

Availability

14. Which promotional method is useful among the retailers for promoting the sales

Contest  Premium  Offer  Gifts  Free trips

Allowances  P.O.P  Others

15. Give your suggestions to increase the sales level of soft drinks

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