# **Czech University of Life Sciences Prague**

# **Faculty of Economics and Management**

# **Department of Management**



# **Diploma Thesis**

# **Evaluation of Marketing Communication**

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# CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

# **DIPLOMA THESIS ASSIGNMENT**

Elkhan Mirzayev

**Business Administration** 

Thesis title

**Evaluation of Marketing Communication** 

#### **Objectives of thesis**

The aim of the thesis is to evaluate marketing communication of given enterprise. Data gained based on marketing communication monitoring are analyzed and the communication is evaluated. Based on the evaluation, relevant conclusions and suggestions for the marketing communication of given enterprise are drawn.

#### Methodology

The thesis consists of two parts. First part deals with elementary theoretical overview. It deals with theory of marketing communication and its evaluation. The review is based on information gained from study and comparison of relevant resources. The fundamental, empiric part is focused on marketing communication of a particular enterprise. Data for the empiric part are gained using chosen data collection technique. Based on the research, the relevant conclusions of the thesis are drawn.

#### The proposed extent of the thesis

60 - 80 pages

#### Keywords

Marketing communication, communication mix, promotion, marketing mix, marketing, evaluation, public relations, sales promotion, advertising

#### **Recommended information sources**

- ARMSTRONG, G. KOTLER, P. Marketing. Praha: Grada, 2004. ISBN 80-247-0513-3.
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# Declaration I declare that I have worked on my diploma thesis titled "Evaluation of marketing communication" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master thesis, I declare that the thesis does not break copyrights of any third person. In Prague on 02.04.2016

Elkhan Mirzayev

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I would like to thank to my family and friends for their support and Ing.Tereza
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# Vyhodnocení Marketingové Komunikace

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#### Souhrn

Tato diplomová práce se zabývá hodnocením marketingové komunikace na značky a jejímu vlivu na kupní chování spotřebitelů. Výzkum se zabývá klíčovými teoretickými aspekty značky a chování spotřebitelů, kdy je cílem sledovat vzájemný vztah těchto oblastí. Výzkum ukazuje, že strategie značky hraje důležitou roli při ovlivňování chování zákazníků v průběhu kupního rozhodovacího procesu. Podle výzkumu, povědomí o značce velmi ovlivňuje chování spotřebitele. Zároveň také emocionální vazba spotřebitele ke značce pomáhá k získání vice loajálních zákazníků.

Diplomová práce se také věnuje praktické případové studii strategií dvou globálních značek nealkoholických nápojů; Coca-Cola a Pepsi. A vlivu jejich strategií na chování zákazníků. Dotazník byl vytvořen na podporu výzkumu a shromáždil data zaměřená na efektivitu strategie značek Coca-Cola a Pepsi.

**Klíčová slova**: Marketingová komunikace, komunikační mix, propagace, marketingového mixu, marketingové, hodnocení, public relations, podpora prodeje, reklama

# **Evaluation of Marketing Communication**

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#### **Summary**

This diploma thesis deals with the evaluation of marketing communication on branding and its influence on consumer buying behavior. The research investigates the key theoretical aspects of branding and consumer behavior to see the correlation of these two topics. The study reveals that branding strategies play a major role in influencing consumer behavior during the decision-making process. According to the research, brand awareness is essential to affect the customers. Also bonding with consumers in an emotional level helps to brands to have more loyal customers.

The thesis also investigates a practical example of the branding of two beverage giants; Coca-Cola and Pepsi and its effects on the behavior of their clients. The questionnaire was made to support research and collect data about effectiveness of branding strategies of Coca-Cola and Pepsi

**Keywords**: Marketing communication, communication mix, promotion, marketing mix, marketing, evaluation, public relations, sales promotion, advertising

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#### 1. Introduction

The purpose of marketing is to meet the needs, wants and demands of consumers. To achieve this aim, marketers should know the behavior of consumers and ways of communication. To do this, they must analyze the behavior of consumers. In other words, marketers must investigate where, how, when, why customers purchase product or service. Without understanding the behavior of consumers; without knowing customers, it is impossible to determine motivational factors, the needs, and wants of consumers. Therefore, marketers must analyze desires, preferences, shopping and buying behaviors of the target market and must determine strategic decisions accordance on that information and afterward they need to communicate with them.

The concept of "brand", come to the fore nowadays as an important factor in the purchasing behavior of consumers. The brand seen as an essential part of the product. The brand is an important communication tool that enables customers to learn about goods and / or services. However, the brand provides the possibility to consumers to reach the expectations of product or service and helps in the process of buying decisions. Apart from the elimination of needs which provided by tangible physical product features of the product, brands also contribute to eliminate psychological needs. Main branding sections are brand equity, brand awareness, brand loyalty, brand identity, perceived quality and etc. Brand equity shows how financially strong the brand is. To explain the brand equity, Keller's brand equity pyramid can be used. The pyramid consists of six building blocks of the brand building. Brand identity defines the image of the brand and can be explained by Kapferer's Brand identity prism model which includes aspects of personality, culture, self-image, reflection, relation, and physique. The brand awareness shows the how well known the brand among the consumers.

Marketers use these branding functions to influence the purchase behavior of consumers. Consumers decision-making process consist of recognizing the needs, looking for the information, analyzing the alternatives, purchase, and post-buy evaluation. Marketers try to influence on the stage of evaluation of alternatives to differentiate their

products. Later on, they try to influence post-buy evaluation process to get the loyalty of the consumer.

- Consumer behavior is influenced by several factors like:
- Socio-Cultural factors: social class, reference groups, and family
- Psychological factors: motivation, perception, learning, beliefs
- Personal factors: demographic and situational factors
- Other factors like price, quality, color, design and etc

#### 2. Aim of the thesis

The objective of this thesis is to analyze the relationship between a brand and consumer's purchasing behavior and to explore how companies affect their consumers through its branding.

# 2.1. Research questions

- 1. What are the main sections of branding
- 2. Which factors influence the purchase behavior of consumers
- 3. What is the link between branding and consumer purchase behavior?

#### 2.2. Methodology

Some primary critical research methods will be used for the purpose of writing the thesis like a theoretical overview, survey, and statistical analysis.

Books, journals and internet sources are used for the making of theoretical part. Two main topics: branding and consumer behavior have been explained and evaluated. The review is based on information gained from study and comparison of relevant resources.

The first section of this study was to evaluate the branding and its elements like brand equity, brand awareness, brand loyalty, brand association, perceived quality and etc. The second part of paper is about the evaluation of consumer behavior; factors that influence the product/service selection process.

Survey used as a tool for the methodology of the practical part to collect and analyze the primary data. The practical part consists of analyzing of branding strategies of two beverage giants: Coca-Cola and Pepsi, and its impact on consumer behavior.

A committed questionnaire with 400 person reveals how effective their strategy and how successful companies on achieving their goals.

## 2.3. Questionnaire

This research aims to observe the influence of branding on purchase behavior of the consumer. In other words, the research seeks to show the relationship between consumer behavior and branding strategies.

The questionnaire used as a tool to gather the data. A sample size of the survey was 400 people from more than 50 different countries. The survey made online. The questionnaire can be found in the appendix.

Aim of questionnaire was to collect data for the following information:

- Information about perception about the Coca-Cola and Pepsi
- Information about effectiveness of branding strategies of Coca-Cola and Pepsi
- Information about factors which influences consumers during buying process of Coca-Cola and Pepsi

# 3. Theoretical part

# 3.1. Marketing Communication and Branding

Kotler defines marketing communication as "Marketing communications are the means by which firms attempt to inform, persuade, and remind consumer- directly or indirectly- about the products and brands they sell" (Kotler & Keller, 2012) It delivers the specific message to the target market. The tools of marketing communications; marketing mix elements are advertising, sales promotion, events, public relations, direct marketing, interactive marketing, word of mouth marketing, personal selling.

Brands use marketing communications tools for several reasons. Marketing mix helps to companies to in strengthening customer loyalty to the brand. Also by using communication tools, companies can create an image of the brand in the mind of consumers. It helps to companies on building a brand and increasing the sales. Marketing communication helps on creating brand equity by increasing the brand awareness, creating a brand image on consumers mind, establishing the loyalty of customers.

# 3.2. Branding

In the very short description, to become a brand means "to become different." There are many definitions of a brand. Kotler defines brand as:

"A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors" (Cochran, 2002)

Brands represent companies and their products. A brand is not only about a logo or name; it represents lifestyle, emotions of consumers over company or product. A Brand has some functions to help customers. Some are (Aktuglu & Temel, 2006):

- *Guidance/ identification function*: Brand help/guide consumers in product selection process by providing necessary information to identify differences among products.
- Easiness in product selection process: By being known products, brand products
  have more supremacy in compare with normal products in product selection
  process. These products are less risky to buy in a meaning of quality, customer
  service and etc.

- Quality assurance function: Brand is an assurance to consumers about quality.
- *Identification function:* Consumers makes product selections depending on brands. The reason is, brand provide products cohesive to their personal image.

Consumers affected from the brand image in the process of product selection and brand selection. If brand image reflects consumer needs, they feel an attachment to the brand; bond with the brand.

Companies try to make their products or even themselves a brand. A brand reflects the image of the company. They want to achieve some goals by branding. There are several objectives of branding. Some are (Khalid & Ahmad, 2009)

- To connect emotionally with target group
- To deliver message clear
- To gain trust of customers
- To motivate the buyer
- To differentiate the product in the market
- To dominate the market
- To decrease the level of competition

The main reason for product branding is about sales and making a profit. Meanwhile, the main reason behind company branding is to create value system of the company. (Khalid & Ahmad, 2009)

# 3.2.1. Brand Identity

Brand identity, enterprises the sum of all the services they offer to customers. These are contributions, benefits, performance, quality, experience and the brand value they have. (Ak, 2009). Defining the brand and expressing uniqueness of it over other products to consumers, is the feature of brand identity.

To build strong brand identity can provide various benefits in creation of a business

- > Provides differentiation
- > Provides the reasons to buy to the consumers
- Provides consistency and confidence to the consumers
- ➤ Affects feelings of consumers about the product
- Provides the sound basis for brand propagation
- > Provides a high positioning in the market to the company

To create the brand identity of such importance, some tools are required to use. These are as follows;

Strong name: Brand name must form positive image in mind of consumer

Slogan: Good slogan connected to the brand can create hypnotic and subconscious effect in mind of customer

*Colors*: To help the brand recognition, a company or brand must use a consistent color group.

Symbols and Logos: Nice and catchy symbol contribute in building a strong brand identity.

## **Kapferer's Brand Identity Prism Model**

According to Kapferer to create a strong brand identity, six main elements-tools needed.

Constructed source

Pysique Personality

Culture

Culture

Constructed receiver

Figure 1. Kapferer's Brand Identity Prism Model

Source: (J.N.Kapferer, 2009)

For the development of brand's identity, the company must know the experience of consumers with the brand<sup>1</sup>. These aspects are physique, personality, culture, relationship, reflection, and self-image. These six elements can be divided into two dimensions (J.N.Kapferer, 2009);

The constructed source vs. the constructed receiver; Brand should be seen as a person and also stereotypical user

Externalization vs. internalization; a brand has social elements which identify its external expression and elements that are merged into the brand itself

 $<sup>^{1} \</sup>quad https://www.tools4management.com/article/what-is-kapferers-brand-identity-prism-and-how-is-it-effective/$ 

These features become active only if brand communicates with customers. The six elements are:

#### 1. Physique

It is the physical characteristics of the product/ brand which strikes into the mind of people when the name of the brand mentioned. It is the basis, backbone of the brand. (Andreea, 2013)

#### 2. Personality

Personality describes the character of the brand. It is the output of the communication in particular ways between brand and consumer. This can be done by using specific design colors, style of writing (ToolsForManagement.com) (J.N.Kapferer, 2009)

#### 3. Culture

The culture of the brand is a combination of values and principles. It provides a link between the brand and organization (J.N.Kapferer, 2009). Real strong cult brands are becoming by having a strong understanding of its culture (Andreea, 2013)

#### 4. Relationship

The relationship defines the link between customers and the brand. It is the style of behavior of the brand to the customers by its actions. (Andreea, 2013) It is more significant in service industry than product industry. (J.N.Kapferer, 2009)

#### 5. Reflection

Reflection of the consumers is a little different than the target market. Target market describes combines current customers and potential consumers, on the other hand, reflection stereotypical consumer

#### 6. Self-Image

It is the mirror held by consumers. To explain self-image Professor Kapferer gives example: "A Porsche driver, for example, who thinks others will think he is rich because he can afford such a flash car "(J.N.Kapferer, 2009)

## 3.2.2. Brand Equity

Brand equity is the total value of an asset when brand sold or when shown in the inventory. In other words, brand equity means that brands should recognize as a financial asset. Among the brand value, patents, know-how, trademarks are also included in brand equity (Tuominen, 1999) It is also reliant on the number of loyal consumers.

Brand equity is one of the most significant financial assets owned by a company which helps to provide a competitive advantage in the market environment. The strong brand name can create customer loyalty. Brand equity plays a significant role in establishing brand loyalty in a competitive market. A strong brand can resists against "attacks" by providing a competitive advantage. Besides, a dominant brand name in the market may prevent the entry of new competitors. (Ak, 2009)

# D.Aaker defines brand equity as:

"The set of brand assets and liabilities linked to the brand – its name and symbols- that add value to, or subtract value from, product or service" (EURIB, 2009).

An essential brand-building objective will be to build, improve, or influence brand equity (Aaker, 2014)

#### **Keller's Brand Equity Model**

The idea behind Keller's model is to create significant brand equity; brands must reach to the top of the pyramid. The pyramid consists of some blocks. These are salience, performance, imagery, judgments, feelings, and resonance.

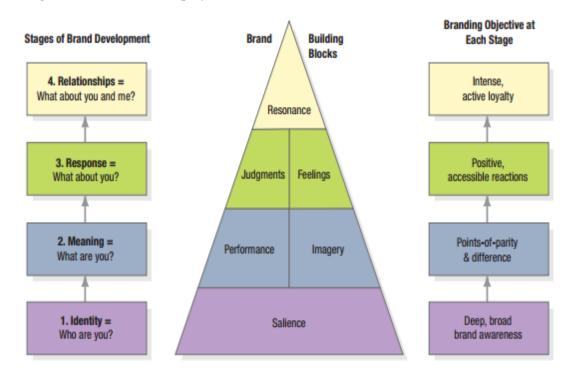


Figure 2. Keller's Brand Equity Model

Source: Marketing Management/Philip Kotler, Kevin Lane Keller. — 14th edition

The first block of the pyramid is *Salience*. It is the identity and awareness of the brand. Brand silence describes how often and quickly consumers think about the brand (Kotler & Keller, 2012) Salience identifies the brand by answering question "Who are you (brand)"

Brand Performance is one of the two blocks in the second step of the pyramid. It shows the effectiveness of product on meeting customers' needs. Key features, the reliability of the product, effectiveness and efficiency of service, design, price are the five categories of performance according to the model (Mind Tools Editorial Team)<sup>2</sup> The second block in this step is *Imagery*. The effectiveness of consumers' psychological or social needs measuring on this stage. The second stage; combination of performance and imagery defines the meaning of the brand.

The third stage also consists of two blocks; judgments and feelings. Responses of customers' defines' on this stage. *Brand judgments* describe the judgments, personal opinions of consumers. Quality, credibility, consideration and superiority are the four key factors of consumers' judgments. On the other hand, *brand feelings* are the responses of consumers emotionally.

*Brand resonance* is the last and top block of the pyramid. It can be achieved by bonding with customers deeply and psychologically.

#### **Aaker's Brand Equity**

Figure 3. Aaker's Brand Equity



Source: own creation

According to D.Aaker, there are five components of brand equity.(Graph 2) (EURIB, 2009). These are

<sup>&</sup>lt;sup>2</sup> https://www.mindtools.com/pages/article/keller-brand-equity-model.htm

- 1) Brand Loyalty; Loyal customer helps to the brand in some ways. Some are:
  - a) Contributes to reduce marketing costs: To reach to the loyal customers is more budget-friendly than reaching new ones.
  - b) Stable Revenue; Loyal customers means the brand will have stable revenue.
  - c) Helps in attracting new customers: loyal customers can promote and increase brand awareness in many ways like mouth-to-mouth marketing.
  - d) Gives more time to deal with threats: If there will be threat from competitors loyal customers will not change their preferences quickly
- Brand Awareness: A known name can be chosen before unaware products. It can be extent by some criteria
  - a) Familiarity and affection: Customers who are using the brand can spread the awareness of the brand
  - b) Signal of loyalty to the brand
- 3) Perceived Quality; The quality of brand seen by consumers. High quality often means expensive product and a good gross margin.
  - a) The reason for buying the brand is the quality of products
  - b) Price of product is a kind of measurement of quality
  - c) Accessibility in various sales channels
- 4) Brand Associations: An image or symbol that symbolizes a specific brand (Bornmark, Goransson, & Svensson, 2005)
  - a) Brand Association takes important part in product selection process
  - b) It creates favorable image in minds of consumers
- 5) Other Proprietary Assets: Something that recognizes a particular brand from others like relations with trade partners, trademarks, patents and etc. It creates a competitive advantage over other brands.

## 3.2.3. Brand Loyalty

Brand loyalty is the degree of connecting with the consumer to a particular brand. It is one of the elements of brand's equity (Torlak, Dogan, & Ozkara, 2014). The high number of loyal customers of the brand means a powerful position in the market.

Loyal consumers reliably return to purchase more. They will stay with the brand although price increase. Loyal customers are strong advocates for the brand. (Bhasin K., 2011).

Brand Loyalty amazes marketers. Saatchi & Saatchi; the advertising agency says "love marks" are trademarks that inspire "loyalty beyond reason." Loyal customers are playing an important role in the profitability of brand. (Economist, 2014)

To talk about Brand loyalty, some conditions must be considered (Ak, 2009):

- Brand loyalty is not accidental.
- It is a behavioral response
- Occurs in a particular period.
- Is performed by decision maker unit.
- Must be one or more brand option.

D.Aaker described Brand loyalty as;

"A measure of the attachment that a customer has to a brand. It reflects how likely a customer will be to switch to another brand, especially when that brand makes a change, either in price or in product features" (D.A.Aaker, 1991)

He explained loyalty with the Brand Loyalty Pyramid in his book. (D.A.Aaker, 1991)

Figure 4. Aakers Brand Loyalty Pyramid



**Source: (D.A.Aaker, 1991)** 

The figure describes five levels of brand loyalty. The lowest stage is shown at the bottom of the pyramid. Loyalty Pyramid includes 1.switchers, 2.Satisfied buyers, 3.Buyers with switching costs, 4.Brand likers, 5. Committed buyers

- 1) Switchers; these are non-customers who buy other brands. These types of consumers are sensitive to the price and can change brand selection depending on that. (Bornmark, Goransson, & Svensson, 2005). They buy products which are on sale. Switchers are the most important target market for marketers. (D.A.Aaker, 1991)
- 2) Satisfied/Habitual buyer: These customers are passive loyal customers. They are buying the brand as a habit and see no reason to change their preferences. (Bornmark, Goransson, & Svensson, 2005) (D.A.Aaker, 1991). Marketers are trying to make these consumers more loyal.
- 3) Satisfied buyers with switching cost: They also called as "fence sitters" (Bornmark, Goransson, & Svensson, 2005). Buyers with switching cost are indifferent among different brands. On this stage, marketers can increase brand loyalty by increasing perceived quality.

- 4) Brand likers: These types of customers see the brand as a friend. They bond with the brand emotionally.
- 5) Committed Buyer: The brand plays an important role in these customers daily life. Committed buyers tie their image with the brand image. Marketers try to keep committed buyers by rewarding their loyalty.

## 3.2.4. Perceived Quality

Perceived Quality plays an important role on consumer's behavioral intentions. (Khalid & Ahmad, 2009). It is another key attribute for consumers to choose a brand. (Bornmark, Goransson, & Svensson, 2005). D.Aaker describes perceived quality as the perception of customers about overall of the brand's product. (Petrauskaite, 2014) Perceived Quality can influence on the brand image directly or indirectly. (D.Aaker & Biel, 2009) and it forms in each buyer's mind individually. According to D.Aaker consumers evaluate product quality in seven elements. (Somma, 2014) These are:

- Performance
- Features
- Conformity with specifications
- Reliability
- Durability
- Serviceability
- Fit and finish

Brands which are taking perceived quality seriously can grow further, and can achieve more that their competitors.

#### 3.2.5. Brand Awareness

According to Keller, brand awareness is the consumer's ability to define the brand under different conditions (Torlak, Dogan, & Ozkara, 2014)

Recognition of the brand can be achieved by providing awareness. Awareness refers to the effect of the brand created in the minds of consumers. (Aktepe & Bas, 2008)

Brand awareness forms from features of brand recognition and brand perceptions. It means the power of the brand in the mind of the customer. (Ak, 2009)

There are some levels used in the measurement of brand awareness according to D.Aaker. (Petrauskaite, 2014). The following topics are listed under;

Figure 5. The Brand Awareness Pyramid



Source: own creation

The first level is brand unawareness; in this stage, consumers have no idea about the brand.

The second level is brand recognition; in this stage, the consumer can recognize the brand if they will have specific information. It means consumer should be able to recognize brand among the other brands. (Aktepe & Bas, 2008). This stage plays important role in consumer's product selection process

Brand recall is the third level of brand awareness. To say that brand is recognizable, the brand should come to the mind of the consumer when the product class is specified. This situation can competitively advantage to the recalled brand if the consumer is not thinking too much about product selection process. (Aktepe & Bas, 2008) Customers recall the brand without any effort (Petrauskaite, 2014)

The last level of brand awareness is the top of mind. In this level of awareness a brand is the first thing that comes to the mind of the consumer in that category of products. Beyond of this level brand takes place instead of the product category.

### 3.2.5.1. Achieving Brand Awareness

To achieve and increase brand awareness companies should;

- Be Different; To be easily recognizable brand must have a unique product.
   Product/brand must be memorable. Glenn Llopis in his article (Llopis, 2014) advice to managers "Stop doing what everyone else is doing and be creative about how your brand engages with consumers."
- Have a strong slogan; Slogans play a strategic role to make customers believe in your product. Slogans must define company's goal, must be powerful, memorable and conceptual. (Hemani, 2012)
- Symbol exposure; symbol and logo play a crucial role in the perception of
  consumers. Logo's like Nike's Swoosh will be recognized even if will be without
  the name. The symbol is not same as a logo. Coca-Cola's bottle is a symbol of the
  company. It is one of the recognizable shapes in the world. Symbol and logo should
  be simple, connective and attractive (Milner, 2015)
- Publicity; is a tool to make your product or service more aware.

- Event sponsorship; Main role of sponsorship to events is to increase awareness of the brand
- Packaging; plays an important role in purchasing decision. If a brand is not well aware, packaging plays the first role. Package of the product can lead failure or success of the product<sup>3</sup>. Product packaging has functions such as product identification, product protection, convenience and product promotion. (Pujari, 2015)
- Recall requires repetition; Building brand recalls sis harder than building brand recognition. It plays important role in making brand loyalty

#### 3.2.6. Brand Associations

According to D.Aaker brand associations is everything that ties consumer to the brand, like product attributes, quality of product, design, symbol, innovation and etc. (Aaker, 2014). It is like an emotional connection to the brand (Tuominen, 1999). Products of the brand are counted as tangible assets while other features which included in brand associations are counted as intangible assets. (Petrauskaite, 2014)

According to Keller, brand associations divided into three type (Tuominen, 1999). Brand attributes are the first type of brand associations, and it can be divided into product-related and non-product-related attributes (Petrauskaite, 2014). General characteristics of the product are considered as product-related attributes while external aspects of the product such as price, packing and etc. are considered as non-product-related attributes. Brand benefits are the second type of brand associations. The third types of brand associations are brand attitudes. It is the customer's evaluation of brand in overall (Tuominen, 1999)

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<sup>&</sup>lt;sup>3</sup> http://smallbusiness.chron.com/importance-product-packaging-marketing-648.html

# 3.2.7. Brand Laddering

Brand Laddering is one of the most effective tools to deliver an amazing consumer experience to all its customers (Bhasin H. ) It helps to increase brand loyalty. Brand laddering is a tool to connect product and brand characteristics to the consumers personal and social lifestyle. (Bhasin H. )

Brand ladder has four dimensions; attributes, functional benefits, emotional benefits and social benefits

Figure 6: Brand Laddering



Source: own creation

Attributes are the features of the product like size, weight, quality and etc

Functional Benefits; It defines the differentiation between other products in the market by its attributes. It answers "What consumer will get from this product or service."

*Emotional Benefits*: It is the connection between product and consumer in daily life<sup>4</sup>. Emotional benefits give emotional feeling that bonds the brand and customer through values (Bradley, 2011)

Social Benefits; Answers to the question "how does it change society?" It increases the stature of the consumer in his/her social circle (Bhasin H.)

 $^4\ http://www.mbaskool.com/business-concepts/marketing-and-strategy-terms/7192-brand-ladder.html$ 

#### 3.3. Consumer Behavior

Without consumption production economy is meaningless. To understand consumers, companies must understand the behavior of consumers first. Consumer behavior consists of actions of consumers take in regard to making decisions about purchasing various goods and services. Consumer behavior describes how customers think and feel purchase and reason the product selection depending needs and wants.<sup>5</sup> The goal of marketers is to meet the needs of target customers and satisfy them. (Ak, 2009)

Consumers make buying decisions every day for many types of purchases. Marketers study consumer behavior to find out what consumers buy, where and how much. However, learning about consumer behavior is not so easy. Behavior of consumers can be divided into three sections;

- Rational behavior: Consumers gets information about the brand/product and service, knows their exact needs and wants, then they are making a purchase decision. This type of behavior can be seen in purchasing of expensive products like cars, houses and etc. (Bornmark, Goransson, & Svensson, 2005)
- Unconscious behavior; Most of the time consumers don't know what influences their purchase behavior; they make decision unconsciously. Consumers make a decision in a "black box". Marketers are trying to observe that individual "black box" understand what influenced to a person such as advertising, slogan, logo, colors and etc to the response that decision.

Figure 7. Black Box Model



Source: own creation

<sup>&</sup>lt;sup>5</sup> http://www.consumerpsychologist.com/

In Black Box model, inputs are product or service. The Black box is consists of two parts; decision process and buyer characteristics are which driven by psychological factors like attitudes, motivation, perceptions, personality, lifestyle and knowledge.

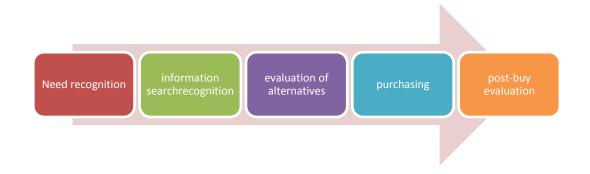
- Learned behavior; is based on experience, its acquired only through observation.
   Customers do not plan their selection of product; they do it based on experience/habit.
- Social behavior; Consumers make a decision depending their social environments like lifestyle, status and etc.

# 3.3.1. Decision-Making Process

Basic decision-making process model can divide into 5 parts. These need recognition, information search, evaluation of alternatives, purchasing, post-buy evaluation

Source: own creation

Figure 8 . Consumer Decision Making Process



Source: own creation

In the first step, consumer recognizes a needs and wants. It is the main and major step in the purchase process. There will be no purchase if there is no need. (Perreau). According to Maslow, human needs are (McLeod, 2014);

- Psychological needs; Safety needs;
- Love/Belonging needs;
- Esteem needs
- Self-Actualization needs

The second step of consumer decision-making process is information search. After deciding the need or want, the consumer looks for information to find product or an alternative of it.

After getting enough information, consumer evaluates' the possible alternatives to choose best suitable product or service.

The fourth step of the process is purchase decision. After choosing the right product, consumer proceeds to the purchase process.

The last step is post- purchase behavior which will determine consumer made the right choice in purchasing that product or not, after consumption. (Perreau)

#### 3.3.2. Factors that influence consumer behavior

#### 3.3.2.1. Socio-Cultural factors

Socio-cultural factors consist of; culture, subculture, social class, reference groups and family. (Deniz, 2011)

• Culture and subculture: Sociologists define culture as:

"Culture is the characteristics and knowledge of a particular group of people, defined by everything from language, religion, cuisine, social habits, music and art" (Zimmermann, 2015)

Because culture plays the main role in daily life, it affects purchase behavior also. Culture influence consumers, but it is hard to measure. Depending on culture consumers make decision on purchasing clothes, food and etc. (Ak, 2009) (Deniz, 2011)

- Social Class: Is a group of people belonging same social status; the same amount of income, same living standards, same lifestyle. Social class also has greater role in consumers buying behavior
- Reference groups; is a group that affects consumer attitudes, ideas, and values. It is like imitating another person. (Ak, 2009)

• Family; is a powerful tool which affects a person from childhood. Parents choose products for their children which can shape a habit in person. Also, in young ages parents' guide their children in product selection process.

## **3.3.2.2.** Psychological factors

The psychological factors originate from the person himself and influence the behavior of a person. These factors are motivation, perception, learning, beliefs and attitudes of consumers. (Bornmark, Goransson, & Svensson, 2005)

- Motivation; is a reason behind person behavior.
- Perception; Two people can witness the same situation, but can think/act in different ways because they have a different perception. Perception is getting information about a situation or object through senses.
- Learning; is consists of persons knowledge and experiences.
- Beliefs; directly affects persons perceptions and behaviors. Beliefs play an important role in the selection of target market.
- Attitudes of consumers; consists of individuals biological and psychological characteristics.

#### **3.3.2.3.** Personal Factors

Personal factors are the demographic and situational factors.

- Demographic factors; age, gender, marital status, education, and profession affects consumers in their purchase behavior
- Situational factors; these are the current factors when the consumer is making a purchase decision. It can come up suddenly sometimes.

#### 3.3.2.4. Other factors

#### **Price and Quality**

The quality of the product plays a major role in a purchase decision. Consumers tend to buy a quality product. For consumers who behave rationally, the high price is a determinant of high quality, and these type of consumers makes a decision based on that.

#### **Packaging**

Among to have a high-quality product, some other factors should also be considered as colors, shapes, labels, logos, slogan and etc.

Packaging is an important visual tool to attract the consumers. Packaging is mainly for protection of the product. But for marketers, the packaging is a tool to attract consumers, deliver messages about the product characteristic. Attractive packaging is about graphics, size and shape. (Silayoi & Speece, 2004)

#### **Colors**

The color of logo/symbol gives a message to the consumer without words. It is a psychological tool for marketers to create a strong brand image. Among symbol or logo, color also is a visual segment to create brand recall (Morton, 2012).

First thing consumer pays attention to the package is colors. (Goncalves, 2008) It plays a significant role on customers in recognizing the brand or product (Poturak, 2014). Some meanings of colors are (Babolhavaeji, Vakilia, & Slambolchi, 2015);

**Figure 9: Meanings Of Colors** 



**Source: own creation** 

Shape; Shape and size of the packaging also influence purchase process. Consumers can recall product depending on the shape of the product.

#### Advertisement

Brands spend a lot of money to keep reach and keep consumers interested in their product (Abideen & Saleem, 2012). Advertisement is a tool to reach consumers every day through traditional media such as television, radio, newspaper, magazine or modern media such as social media, websites, blogs and etc (Ahmed & Ashfaq, 2013)

The advertisement gives consumers; especially to target market description, the mission of brand or product. The advertisement is a visualization of brand image. It is the way of promoting products or services. The main reason of mass advertisements is to increase awareness of brand and brand recall (Rai, 2013). The advertisement also takes a major role in increasing the sales and market share. It is the direct link between sales and product.

The advertisement is a marketing communication tool to motivate consumers emotionally to buy their products and helps to brand to differentiate their product from competitors.

#### **Slogans**

Marketers also concentrate on advertising slogans to influence the consumers. Slogans can be popular as the name of the brand itself. It plays a significant role in the brand's identity and brand equity (Essays, 2015). Marketers can describe product, mission of product or brand by slogans. According to research (Fransen, Fennis, & Pruyn, 2007) promotional slogans can affect actual spending behavior.

# 3.4. Conclusion of theoretical part

Branding and consumer behavior described detailed for the following research. Brand equity, awareness, association, image, identity, perceived quality and several branding models based on these, described in the first part. The second part of the literature of view was about consumer behavior; decision-making process and factors which influence the behavior of consumers.

#### 4. Practical Part

# 4.1. Branding of Coca-Cola and Pepsi

Two giant soft drink companies, Coca-Cola, and Pepsi, have been battling for more than a century (Bhasin K., 2013) Coca-Cola was created in 1886 while Pepsi came to the scene in 1898, after 12 years.

# 4.1.1. Branding of Coca-Cola

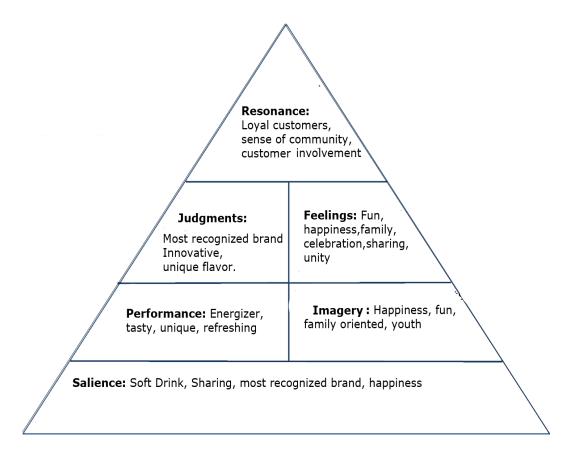
Coca-Cola is the world's largest beverage company found in 1886 by John Pemberton. Back then it served 9 bottles per day, in comparison nowadays it reached a consumption of 1.9 billion bottles per day. The company has more than 500 brands and more than 3500 products (Coca-colacompany.com, 2011) Company is one of the valuable brands in 2015 with the value of 83,84 billion U.S. dollars (Statista). The Coca-Cola Company leads in beverage industry by having lots of brands in markets of soft drink, juice, tea/coffee, water. The company sells its products in more than 200 countries in the world.

#### **Brand Equity model of Coca-Cola**

Brand equity derives from a combination of tangible and intangible assets. It is hard to calculate intangible assets of Coca-Cola. Consumers' willingness to pay for the product can't be counted. (Howard, 2014)

#### **Brand Equity pyramid of Coca-Cola**

Figure 10: Brand Equity Model of Coca-Cola



#### **Source: own creation**

The words which identify brand Coca-Cola are a soft drink, sharing, one of the most recognizable brand, happiness.

The performance of the brand can be described' with the words like energizer, tasty, unique flavor, refreshing. While words to describes' imagery of the brand are happiness, fun, family oriented, youth and etc.

One of the recognizable brand, unique flavor, fun, family, sharing, unity are the judgments and feelings of customers about the brand.

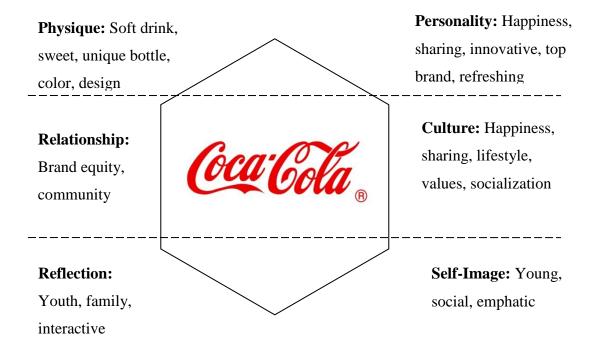
Last block of the pyramid; resonance can be defined with loyal customers, sense of community, customer involvement and etc.

### **Brand loyalty of Coca-Cola**

Brand loyalty plays an important role in Coca-Cola Company's flagship brand Coca-Cola on winning the "war" against its rivals. The loyalty of customers helps Company to stay on lead even if the company produces unsuccessful product or marketing move. Coca-Cola products marketed to touch the consumer's feelings and connect it with the brand. By connecting the brand with people emotionally, the company tries to get customers loyalty. (Crompton, 2013) Customers who drink Coca-Cola consumes' brand built by emotion; happiness. The company makes advertisements, slogans, events to touch consumers emotionally and by this way to keep loyal customers.

#### **Brand Identity Prism Coca-Cola**

Figure 11. Brand Identity Prism Coca-Cola



**Source: own creation** 

**Brand Awareness of Coca-Cola** 

There are a lot of reasons for Coca-Cola having very strong brand awareness.

1.To have a unique formula

Despite removing of cocaine from Coke (in 1903) the recipe of Coca-Cola has

largely remained unchanged. (Feloni, 2015)

2. Bottle of the Coke

Brand Awareness of Coca-Cola is significant. Bottle of Coca-Cola is one of the

famous shapes in the world. The designers achieved to create a "bottle so distinct that you

would recognize if by feel in the dark or lying broken on the ground." (Ryan, 2015)

3. Logo of the Coca-Cola

Logo of the brand is one of the recognizable words in the world. To distinguish

products from competitive goods, Pemberton's accountant Frank Mason Robinson wrote

the logo of the company with "Spencerian" font which was used in the accounting

environment. The company standardized a logo in 1923, having come to a conclusion that

if the design of packing can change, adapting to different times, the logo has to remain

untouched. (Feloni, 2015)

Picture 1. Coca-Cola logo evolution

COCA-COLA. Qoca-Qola







1886

1890

1900

1905s

1940

2007

Source: Coca-Cola Company website

38

It led to the development of the logo which and imprinted in the consciousness of people worldwide even after 100 years. Despite small changes, sticking to the same logo helped to the company to increase the awareness of the brand in the consumers mind.

### **Promotion strategies of Coca-Cola**

To see the effects of promotional tool, we should look to the tools closely

Eye catching Position in the stores; Company puts its freezer in the entrances of the stores and near to the cash desk.

*Events*; as a promotional tool plays a significant role in the Coca-Cola Company's portfolio. Sponsorship events, holiday events (like Christmas Truck) are boosting awareness of the brand. It also helps to spread idea and slogan to the consumers.

Advertisements; Coca-Cola promotes its slogan to the subconsciousness of its customers by advertisement tools. The Coca-Cola sells emotions with the product itself by using slogans. Some of them are; (Conversations Staf, 2012)

- 1886 Drink Coca-Cola
- 1923 Enjoy Thirst
- 1924 Refresh Yourself
- 1952 What You Want is a Coke
- 1959 Be Really Refreshed
- 1987 When Coca-Cola is a Part of Your Life, You Can't Beat the Feeling
- 2001 Life Tastes Good
- 2009 Open Happiness

Social Media; Coca-Cola uses social media actively. It helps to increase brand awareness, brand recall, and also to keep and increase the loyalty of its customers. As a current stats Coca-Cola has:

• Facebook; 96 million followers

• Twitter: 3.21 million followers

• Instagram; 1.1 million followers

#### **Brand Association of Coca-Cola**

Coca-Cola provides to its consumer's unique product, emotions like happiness, family, freedom, fun, youthful, refreshing, energetic and so on.

## **Summary of branding Coca-Cola**

In the chapter above, branding of Coca-Cola; brand equity model, brand loyalty, brand identity prism, brand awareness and association described. Coca-Cola bonds with its customers and wants' to get new consumers by selling emotions with the products. Sharing with friends, happiness, fun, family unity are the main emotions that Coca-Cola promotes its products. By this way, the company tries to increase awareness of the brand, to increase loyalty to the brand, and keep the loyalty of current customers. Besides emotions, Coca-Cola has a strong brand image; unique formula, well-known design of the bottle, catchy logo, nice and also emotional promotion strategies.

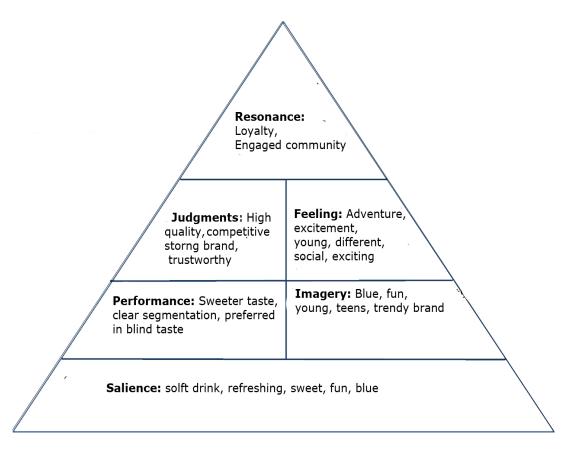
## 4.1.2. Branding of Pepsi

Pepsi-Cola was invented in 1893 by Caleb Bradham. In 1965, Pepsi-Cola and Frito-Lay merged and became PepsiCo. Pepsi-Cola was the first American consumer product which produced and sold in the former Soviet Union. (PepsiCo)

## **Brand Equity Pyramid of Pepsi**

Pepsi has a brand value of 19 billion dollars as May 2015 (Forbes).

Figure 12. Pepsi Brand Equity Pyramid



Source: own creation

The words which identify brand Pepsi are a soft drink, refreshing, sweet, fun, blue and etc.

The performance of the brand can be described' with the words like sweeter taste, clear segmentation while words to describes' imagery of the brand are blue, fun, young, teens, trendy brand and etc.

High quality, competitive, strong brand, adventure, excitement are the judgments and feelings of customers about the brand.

Last block of the pyramid; resonance can be defined with loyal customers, engaged community and etc.

## **Brand Loyalty Pepsi**

Pepsi is increasing its customers' loyalty by aggressive marketing and innovations. (Trefis Team, 2016). Pepsi has a wide range of portfolio; soft drinks, popular snack brands. The company approaches flexible and innovative to consumers' demands' which helps to increase the loyalty of consumers. (Heneghan, 2016)

## **Brand Awareness of Pepsi**

Several factors influence awareness of the brand:

Product quality: Pepsi has its own unique taste. It is sweeter than Coca-Cola.

Logo of Pepsi: Today logo of Pepsi is recognizable worldwide. Logo of Pepsi changed a lot during 100 years.

Picture 2. Evolution of Pepsi logo



**Source:** (dewebsite.org)

From 1950 colors of Pepsi remained same: red, blue and white, while font of the

name often changed.

**Promotion Strategies of Pepsi** 

Eye catching Position in the stores; Like a Coca-Cola, Pepsi also puts its products on

the exits of the stores, or next to the cash desk.

Events: Pepsi is spending an enormous amount of money on events. Because its'

target market are mostly young adults and teens, Pepsi is sponsoring mostly for sports

events.

As an advertisement, Pepsi mostly uses "celebrity marketing". Sportsmen like

Roberto Carlos, David Beckham, Leo Messi, Robinson Cano, musicians like Bob Dylan,

Elton John, Akon, Beyonce, Jennifer Lopez, Nicki Minaj, One Direction, Shakira, Britney

Spears, Justin Timberlake, Kayne West, Will.I.Am, Katy Perry, and others were the faces

of the brand. As we can see, almost every celebrity on the list has a young audience. By

this method, Pepsi boosted their awareness. It is one of the best ways to reach lots of

consumers. Pepsi itself has nearly 35 million followers while singer Katy Perry has 71

million. Celebrity endorsement helps to arrive at a wider range of consumers.

Pepsi on social media

Like its competitors, Pepsi is also using social media actively. It has:

Facebook: 35 million followers

Twitter: 2.97 million followers

Instagram: 428 thousand followers

43

## **Brand Identity Prism of Pepsi**

Pepsi targets young people- the drink of next generation. It promotes the idea of being innovative, energetic, and different.

Physique: Soft **Personality:** drink, Circular Innovative, fun, logo, red-whiteenergetic **Relationship:** Culture: Young, Community, dynamic, Drink for next celebrities generation pepsi **Reflection:** Self-Image: Cool, Youth, attractive, innovative, reliable energetic, different

Figure 13. Brand Identity Prism of Pepsi

**Source: own creation** 

### **Summary of branding Pepsi**

Pepsi tries to build its unique strategies for branding to influence the purchase behavior of consumers. The company uses blue color as a main, which psychologically recalls trust. Pepsi promotes' its products with the idea of being unique, new; as a drink of next generation. Sweeter taste, refreshing, fun, trendy are the points of Pepsi's differentiation from its main competitor. To catch the market share, increase awareness and loyalty, the company uses aggressive marketing strategies. Pepsi uses celebrity marketing in the promotion.

### 4.1.3. Coca-Cola versus Pepsi branding

#### Logo

The battle for the brand awareness can be shown from different aspects. First, one is the logos of the brands. Coca-Cola uses the same font and almost same design for its product for a long time while Pepsi is rebranding too often.

#### Color

Colors of the brands are different also. Coca-Cola uses red; energetic, attractive color, while Pepsi chooses blue color; the color of secure and trust.

#### **Bottle**

Bottle of the Coca-Cola is the well-known shape. It helps to increase awareness of the brand and helps to attract customers in the store. Coca-Cola has an advantage over Pepsi on that.

#### Slogan

Slogans of Coca-Cola are more emotional than Pepsi. It helps to influence the consumers emotionally and psychologically.

#### Advertisement

Coca-Cola uses emotional advertisements while Pepsi uses celebrities to attract the consumers. Coca-Cola tries to bond with its customers and increase the loyalty of the customers. On the other hand, Pepsi tries to reach more target audience by using celebrity advertising.

#### **Social Media**

Coca-Cola has almost three times more followers than its main competitor on social media. It shows the differences between awareness of the product.

## 4.2. Analysis and Survey Findings

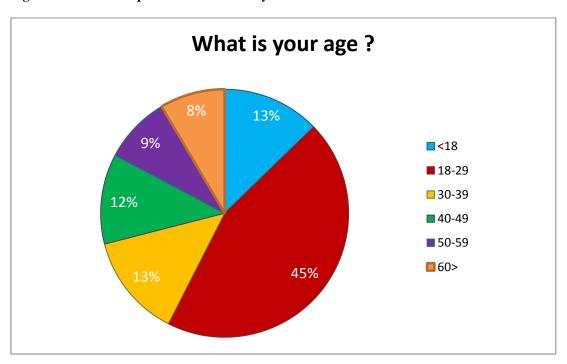
The survey was conducted through the internet: respondents found from social media, forums, and blogs. There were 400 people participated in the survey from more than 50 different countries which show the variety of participants.

### 4.2.1. Questionnaire

The results of questionnaire was given below:

#### **Question 1: What is your age?**

Figure 14. Answer to question 1 of the survey



#### **Source: own creation**

The question made in order to sort out the target segment. As can be seen from the figure above, 179 respondents out of 400 are between ages 18-29. Second majority segment is respondents under 18 and between ages 30-39. These segments take 13% of total respondents each. Only 34 respondents were over 60.

We can see the main segment is a young generation from the pie chart.

## Question 2: Where are you from?

This question was not compulsory. The aim of this question was to collect information about variation of respondents. 400 respondents of the survey were from 50 different countries.

## Question 3: Which color do you like more?

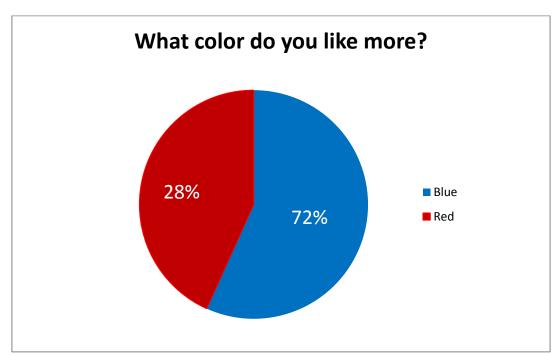


Figure 15. Answer to question 3 of the survey

**Source: own creation** 

Aim of the question was to see the effect of colors on consumers' choice of brand, and to see are there any coloration with the question 8 (Which brand's packaging you like most?)

According to the result of the survey, 72% of respondents like blue color over red.

#### Question 4: Which of the following brand of cold drink do you buy mostly?

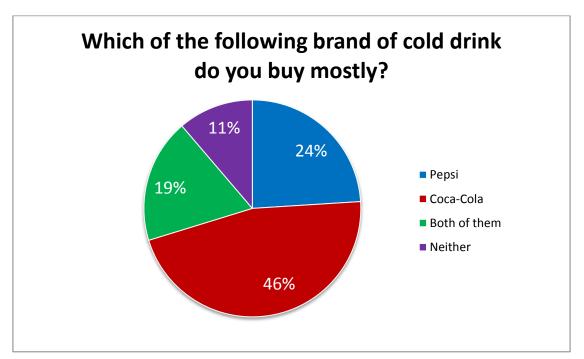


Figure 16. Answer to question 4 of the survey

**Source: own creation** 

The pie chart above can be seen that Coca-Cola is the favorite soft drink of 46% of respondents. Only 96 respondents choose to buy Pepsi. 19% of respondents buy both of these brands while 11% of respondents doesn't like Coca-Cola either Pepsi.

#### Question 5: How often do you purchase the brand? (Coca-Cola /Pepsi)

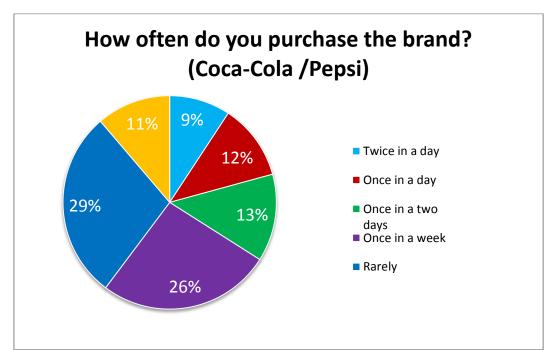


Figure 17. Answer to question 5 of the survey

#### **Source: own creation**

According to the survey, 55 % of respondents drink these brands once in a week or rarely. 37 respondents consume the brands twice in a day. 25 % of respondents drink Coca-Cola or Pepsi once in a day or once in two days. 45 respondents never drink Coca-Cola neither Pepsi.

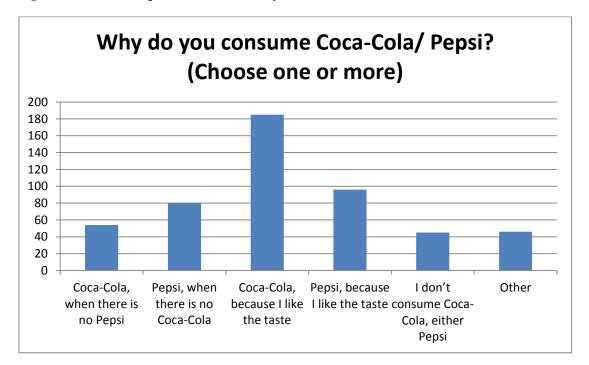


Figure 18. Answer to question 6 of the survey

**Source: own creation** 

According to the bar chart, a major part of respondents consumes Coca-Cola because of the taste. 96 of respondents likes the taste of Pepsi over Coca-Cola. 80 of respondents consume Pepsi when there is no Coca-Cola.

From the chart can be seen that respondents who consume Coca-Cola are more loyal to the brand than respondents who consume Pepsi.

Question 7: What is the reason behind choosing your brand- in general? (Choose one or more)

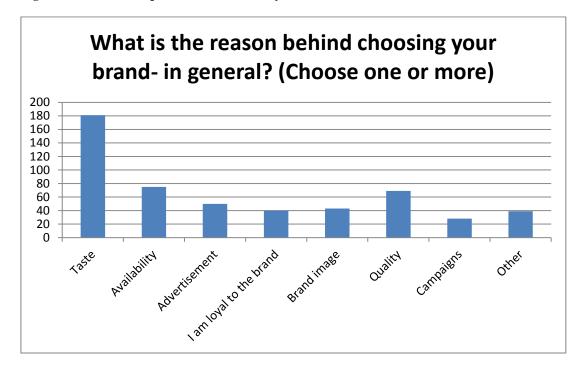


Figure 19. Answer to question 7 of the survey

**Source: Own creation** 

The bar chart illustrates to us, the majority of respondents choose the brand because of the taste. 75 of respondents choose the brand because of the brand is easily available. Only 40 of respondent loyal to the favorite brand.

#### Question 8: Which brand's packaging you like most?

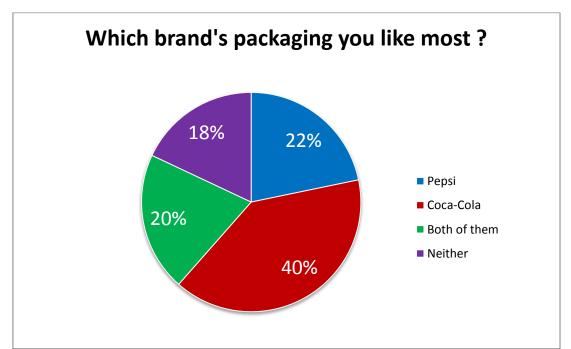


Figure 20. Answer to question  $\bf 8$  of the survey

#### **Source: own creation**

Packing is an important tool for the communication of product with the consumer. 40% of respondent like the packaging of Coca-Cola.

In question 2, respondents revealed that they like the blue color more than red. But from this question, we can see that design of the bottle, despite color, influence the consumer. Sticking with one logo for a long period and a fancy font style of the brand name helps to Coca-Cola influence consumers psychologically.

Question 9: If you want to buy a particular brand (Coca-Cola/Pepsi), and it is not available at particular shop then;

If you want to buy a particular brand (Coca-Cola/Pepsi), and it is not available at particular shop then

Take other brand
Visit the next shop
Buy another type of drink
Don't buy anything

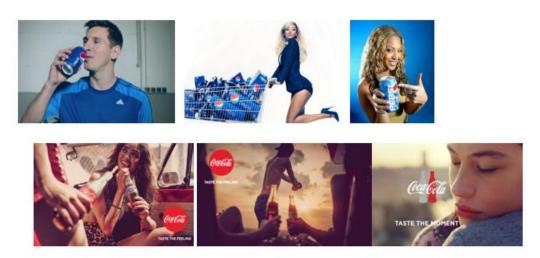
Figure 21. Answer to question 9 of the survey

Source: own creation

From the pie chart above can be seen that brand loyalty is not so high as brands thinks. 45% of respondents will buy another brand if they do not find favorite one while only 15% of respondents will be loyal enough to visit next shop for the favorite brand.

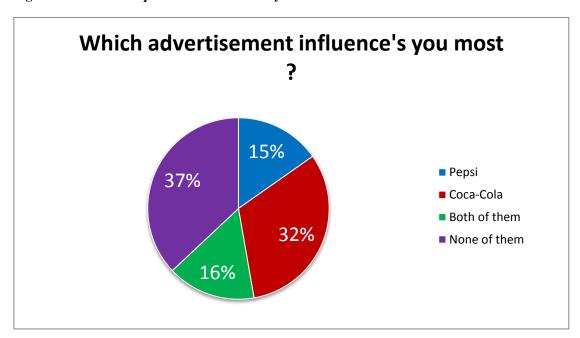
## Question 10: Which advertisement influences' you most?

Picture 3. Advertisement of Coca-Cola and Pepsi



Source: Coca-Cola Company, PepsiCO

Figure 22. Answer to question 10 of the survey



#### **Source: own creation**

The pie chart illustrates the influence of advertisement of the brands. Advertisements of both brands don't influence to the majority of respondents. On the other hand, Coca-Cola's emotional advertising strategy influenced to more respondents than Pepsi's celebrity placement advertisement strategy. Numbers for Pepsi is 15% while for Coca-Cola is two times more; 32%.

## Question 11: Which of the sodas does your local shop offer?

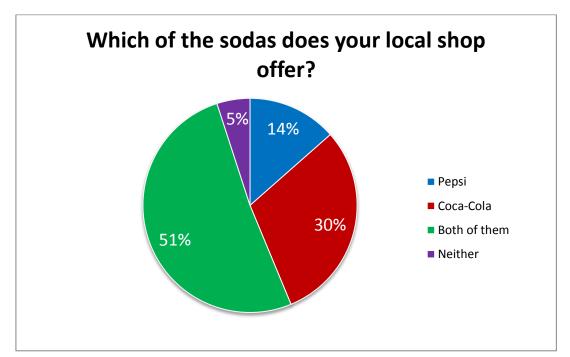


Figure 23. Answer to question 11 of the survey

#### **Source: own creation**

According to the pie chart, 51% of respondents say that local shops where respondents live sell both of brands. In comparison Coca-Cola with Pepsi, Coca-Cola sells in more stores than Pepsi.

Question 12: What comes to your mind when Coca-Cola mentioned? (Choose one or more)

What comes to your mind when Coca-Cola mentioned? (Choose one or more)

Fun
Unique
Sharing
Pepsi
Soft Drink
Happiness

Figure 24. Answer to question 12 of the survey

**Source: Own creation** 

From the bar chart, we can see that respondents recall soft drink first, followed by happiness and sharing emotion. That shows Coca-Cola's efficient emotion promotion.

Question 13: What comes to your mind when Pepsi mentioned? (Choose one or more)

What comes to your mind when Pepsi mentioned? (Choose one or more)

Coca-Cola
Sweet
Blue
Drink of the next generation
Refreshment

0 20 40 60 80 100 120

Figure 25. Answer to question 13 of the survey

#### **Source: own creation**

According to answers of respondents, the main problem of Pepsi is, consumers think about Coca-Cola when their brand named. That shows the significance of awareness of the Coca-Cola. Words like blue, refreshment and sweet also come to the minds of the respondents. That figure shows unique characteristics of the brand.

#### Question 14: Please agree or disagree with the following

160 140 120 100 80 ■ Strongly disagree 60 Disagree Neutral 40 ■ Agree 20 ■ Strongly agree 0 Logo of Coca-Cola Logo of Pepsi Slogans of Coca- Slogans of Pepsi ( attracts me attracts me Cola like"refresh your (like "open bottle world")attracts to me happiness") attracts me

Figure 26. Answer to question 14 of the survey

#### Source: own creation

The chart above illustrates four different questions.

First two questions revealed that Coca-Cola's logo is much more attractive than Pepsi's logo. Following two questions revealed that Coca-Cola's slogans are attractive for the most of the respondents while Pepsi's slogans don't fulfill its objective.

### **4.2.2. Summary**

The questionnaire was made to 400 people from 50 different countries. The aim of the survey was to determine how efficient is Coca-Cola's and Pepsi's branding strategies to influence its customers. From the survey can be seen;

- 1. Coca-Cola's and Pepsi's target segment are mostly young people. The participants of the survey are also mostly young people till age 29.
- 2. Respondents were from 50 different countries. It helps to avoid the advantage of a particular brand in one country.
- 3. Respondents mostly prefer blue color over red color. Pepsi uses blue color to pass the feeling of trust and being modern
- 4. Participants mostly buy Coca-Cola. This result shows that Coca-Cola has some advantage over Pepsi.
- 5. The majority of respondents drink these brands once a week or even rarely. This indicates that people tend to buy more healthy drinks.
- 6. Respondents buy the particular brand mostly for taste. Availability is the second major factor in the brand choice. Afterword quality and effect of advertisement is coming
- 7. In a comparison of the design of packing, despite people like blue color over red, respondents like the design of Coca-Cola over Pepsi. It means, the color itself do not have such influence. Besides color, the font of the text, logo and etc. are also very important.
- 8. The loyalty if customers are not so high in the industry according to the survey. People tend to buy other brand, or another type of drink when the particular brand is not available in the shop.
- 9. Coca-Cola's emotional advertisement strategy is more effective than Pepsi's celebrity placement strategy. According to the survey, Coca-Cola gets expected to return from the advertisement. On the other hand, Pepsi's celebrity campaign influenced the minority of the respondents. The reason behind can be that first goal of Pepsi's celebrity campaign is to increase the awareness of the brand.
- 10. In comparison Coca-Cola vs. Pepsi, availability of Coca-Cola in the shops is much more than Pepsi. Distribution/place chain of Coke is stronger than Pepsi's.

- 11. According to the survey, Coca-Cola's emotional promotion strategy works very efficiently. Respondents give feedback of they recall the brand by emotions of fun, unique and happiness. Respondents recall Pepsi also, as the brand aims; Sweet, blue, refreshment and etc. The only problem Pepsi has is respondents recall Coca-Cola when Pepsi mentioned. That shows the difference between awareness of Coca-Cola and Pepsi. Coca-Cola has significant brand awareness.
- 12. Coca-Cola's logo and slogans are attractive according to the participants of the survey. A logo which remained same for a long time got his place in the minds on the consumer. Emotional slogans like "open bottle to happiness" found the road to the hearts of consumers, according to the survey. On the other hand, logo and slogans of Pepsi are not attractive to the respondents. Pepsi is still looking for a perfect logo which will suit to the brand.

Overall, Coca-Cola holds the advantage over its main competitor on most of the fields. According to the survey, Coca-Cola has more awareness than Pepsi. Coca-Cola has an advantage over its main competitor in packaging, customer loyalty, advertisement strategies, the range of distribution-selling places, brand recall, and effectiveness of slogans. Coca-Cola's branding strategies for increasing awareness works efficient while Pepsi's strategies on brand recall works fine.

#### 5. Discussion

The result of analysis of survey revealed the significant role on influencing the behavior of consumers. Marketers must understand consumers, wants, needs and demands of them to influence their purchase behavior. Some features are important to the brand and its influences to purchase behavior of consumers:

According to the survey, the brand Pepsi loses the "Cola Wars" against its main competitor; Coca-Cola. Both brands target mainly young consumers. In comparison, Pepsi has focused target segment, while Coca-Cola's target segment is a little wider.

From the survey we can see that color of Pepsi; blue is preferable than red. However, other question from survey reveals that color is not the only factor in design to influence the consumer. Font style, shape, the logo also plays an important role. To have a successful design, a brand must have some combination of these elements to influence the consumers.

First times, Pepsi imitated Coca-Cola. The font style and color of the logo was same. That can be considered as the first mistake of Pepsi. From the survey can be seen that Coca-Cola's design is much more attractive than Pepsi. Overall, 60% of respondents like Coca-Cola's design, while 42% of respondents like Pepsi's.

We can see that overall 65% of respondents buy Coca-Cola, and 43% of the respondents buy Pepsi mostly according to the question "Which of the following brand of cold drink do you buy mostly?" There are some reasons why respondents buy Coca-Cola mostly, not Pepsi.

- 1. Participants buy Coca-Cola most because of the taste. 185 respondents consume Coca-Cola because of taste while that number for Pepsi is 96.
- 2. According to the survey, availability of the Coca-Cola is much more than Pepsi. Coca-Cola can be found in most of the middle-small sized shops. 30 % of respondents informed that their local shop sells only Coca-Cola out of these two brands while only 14% of respondents informed that their local shop sells only Pepsi.
- 3. Promotion: Coca-Cola's emotional advertisement strategy is much more effective than Pepsi's celebrity placement strategy. From the survey, we can deduct that celebrity placement is not an efficient way of promotion in this industry.
- 4. Brand recall: Soft drink, happiness, the fun came to the mind of survey participants when Coca-Cola mentioned. On the other hand, Sweet, blue, refreshment and the problematic part, Coca-Cola comes to the minds of consumers when Pepsi mentioned according to the survey.
- 5. As mentioned above, the logo and design of the packaging are preferable in Coca-Cola.
- 6. Slogans: Slogans of Coca-Cola is emotionally stronger than Pepsi's, and it affect the consumers' subconscious minds.

#### **5.1.1. Recommendations**

As recommendations, following can be given:

- Brands should analyze and know their target segment well.
- Brands must influence to the consumer on the step of "evaluation of alternatives" in decision-making progress.
- To increase brand awareness brands should have a strong brand image and perceived quality. With having a strong combination of these two factors, awareness, loyalty, and equity of the brand will increase.
- Celebrity placement is not effective advertisement tool in this industry.
- Brand loyalty is not high on this industry. People tend to buy more healthy drinks nowadays. Loyalty can be increased by bonding with customers deeply.
   Promotional campaigns, the emotional advertisement, can help the brands to achieve the goal.
- Events and promotional campaigns can help to improve the awareness of the brand.
   Sponsorship to the big events like Super Bowl, World Cup can help to the brands to reach a wider range of consumers.
- Pepsi should increase and strengthen its brand recall by showing its uniqueness. They must avoid any imitation of their competitor.
- Pepsi should increase awareness of the brand by using more emotional slogans.
   Also, the company should be more active in social media because its main target segment is young people who use social media in their daily life.
- Availability of the product is important on awareness of the brand as well as on sale revenue. Pepsi should increase points of sales in the middle- small-sized shops.

#### 6. Conclusion

The aim of the research was to determine how branding influences behaviors of the consumers. Many factors influence the decision-making process of consumers. Consumer behavior is the focus point of marketers. Knowing the behavior of consumers will help marketers to reach new consumers and increase the sales. It is very hard to understand the needs, wants and demands of consumers without knowing purchase behavior of theirs.

Among marketing communication tools, branding is one the important tool which gives information to consumers about product and services. Brands help to consumers to satisfy the needs, wants and demands by providing tangible physical product features and also psychological features. Brands guide consumers in product selection process, help to make easy product selection process, give assurance about quality or the product or service and provide product cohesive to consumers' personal image.

Some features are important to the brand. These are:

- Brand Equity: Is one of the major financial assets owned by a company. Brand
  with a strong brand equity can stand against strong competition in the market.
  Strong equity comes with brand identity, brand awareness, perceived quality,
  brand associations and brand loyalty.
- Brand identity is one of the key features on influencing the purchase behavior
  of consumers on the stage of evaluation of alternatives. It represents the
  contributions, benefits, performance, quality, experience and the brand value.
- Brand Loyalty is a degree of binding the customer to the brand. It helps to the brand to reduce marketing cost, to have stable revenue and to deal with threats because loyal customers tend to return and purchase more.
- Brand awareness: Consumers often tend to buy well-known brands in comparison to others. The higher the awareness of brand means the higher number of customers. Brand awareness includes brand recognition and brand recall. In short it is the power if the brand in the mind of the consumers
- Perceived quality: The quality of the brand seen by customers is perceived quality. It is one of the main reasons for buying the brand for customers.
   Quality comes in several elements like performance, features, reliability, durability, serviceability and etc.

Brand Associations is and image or symbol of a brand. It creates a favorable
image in minds of the consumer and affect them psychologically. Features like
color, font style of the name, the design of the package, the logo also have an
important role in brand recall. However, these attributes are not enough bought
itself. There must be some combination of these features.

To understand what their customers' wants, brands must understand the behavior of them. The behavior of consumers is how they think and feel about the product or service, and for which reasons they make a purchase. Some factors of branding influence the purchase behavior of the consumers. These factors especially come on the stage of evaluation of alternatives. This stage is the black box of consumers which were driven by psychological factors like personality, perceptions, motivations, attitudes, lifestyle, and knowledge. Marketers try to promote the products/services according to these factors. Psychological factors help to brands to establish an emotional bond with its customers.

As a research part, two giant beverage companies: Coca-Cola and Pepsi were chosen. Both brands have high-quality products, and they are using same pricing strategies. However, these brands use different branding strategies to reach their target segment. They are using different colors, logos, style of packaging, advertisement tools and etc. to influence the consumers. Coca-Cola's strategies focused on emotional promotion while Pepsi tries to show its uniqueness and differences between its main competitor. Following conclusions can be made from the research:

- In comparison Coca-Cola with Pepsi, Coke is more aware brand than its competitor
- According to the research, consumers buy the brand which they are more aware.
- The loyalty of consumers is not high in the industry, but in comparison; Coca-Cola has more customer loyalty than Pepsi.
- Colors, the writing style of the logo, design, shape, play an important role in affecting consumers buying behavior which is mostly unconscious behavior. For example, Coca-Cola's bottle shape helps to increase brand recall and recognition.
- Availability is an essential factor in the industry. Consumers will not keep the loyalty if their preferred brand is not selling in the shop. They will buy the available brand.

- Pepsi uses' celebrity advertisement tool while Coca-Cola uses' emotional advertisement. From the result of the survey can be seen that celebrity advertisement is not a proper tool in this industry.
- Brand recall shows the effectiveness of brand awareness and recognition. Pepsi has a problem on brand recall, because according to the survey, most people think about their competitors when they hear the name Pepsi.
- Slogans play a major role in bonding brand with the customers. Bonding with the brand on emotional level brings brand loyalty, awareness and brand recall.

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## **Appendix**

#### Questionnaire

## Coca-Cola vs Pepsi

Branding strategies and its influence on consumer purchase behavior.

The following survey is being conducted for academic purposes only. Information provided will be kept private and confidential.

\* Required

#### Question 1: What is your age? \*

<18

18-29

30-39

40-49

50-59

60>

<b>Question 2:</b>	Which	country	you	are	from	í

Question 3: Which color do you like more?\*

Blue

Red

Question 4: Which of the following brand of cold drink do you buy mostly? \*

Pepsi

Coca-Cola

Both of them

Neither

Question 5: How often do you purchase the brand? (Coca-Cola /Pepsi) \*

Twice in a day

Once in a day

Once in a two days

Once in a week

Rarely

Never

#### Question 6: Why do you consume Coca-Cola/ Pepsi? (Choose one or more) \*

Coca-Cola, when there is no Pepsi Pepsi, when there is no Coca-Cola Pepsi, because I like the taste Coca-Cola, because I like the taste I don't consume Coca-Cola either Pepsi Other:

# Question 7: What is the reason behind choosing your brand- in general? (Choose one or more) \*

Taste
Easy available
Advertisements
I am loyal to the brand
Brand Image
Quality
Campaigns
Other:

#### Question 8: Which brand's packaging you like most? \*

Pepsi Coca-Cola Both of them Neither



# Question 9: If you want to buy a particular brand (Coca-Cola/Pepsi), and it is not available at particular shop then $\ast$

Take another brand Visit the next shop Buy another type of drink Don't buy anything

#### Question 10: Which advertisement influences you the most? \*

Pepsi Coca-Cola Both of them None of them











#### Question 11: Which of the sodas does your local shop offer?

Pepsi

Coca-Cola

Both of them

Neither

# Question 12: What comes to your mind when Coca-Cola mentioned? (Choose one or more) $\ast$

Happiness

Soft drink

Pepsi

Sharing

Unique

Fun

## Question 13: What comes to your mind when Pepsi mentioned? (Choose one or more)

Refreshment

Drink of next generation

Celebrities which are advertising Pepsi

Coca-Cola

Blue

Sweet

Please agree or disagree with the following \*

**Question 14:** 

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Logo of Coca-Cola attracts me	0	0	0	0	0
Logo of Pepsi attracts me	0	0	0	0	0
Slogans of Coca-Cola ( like "open bottle to happiness") attracts me	0	0	0	0	0
Slogans of Pepsi ( like "refresh your world") attracts me	0	0	0	0	0