Politics always play a key role in how businesses operate in various geographical areas. Their influence is perhaps multiplied even further when international corporations attempt to begin selling products in new countries. In the case of Coca-Cola and PepsiCo entering the beverage market in India, local politics played a huge role in company performance in Indian markets. When claims of pesticides contaminating products came out against Coca-Cola and PepsiCo, politicians were quick to place partial bans on the products in government buildings, schools, and hospitals, showing their stance against the use of these harmful chemicals. This led to a decrease in consumption of their products, and a negative social image for these companies, especially as they took too long to respond to the allegations in the eyes of the Indian public making them seemingly guilty. These effects could have been anticipated due to the closed off nature of doing business in India as an international company. As a country, India's policy did not favor international corporations doing business on their soil, so it is fair to assume that companies such as Coca-Cola and PepsiCo would be targets of scandals as seen with the pesticides.

PepsiCo had the advantage of being the first international corporation to infiltrate Indian markets, and had their choice of domestic partners to use for entrance into the beverage markets. Pepsi did have to face stringent requirements before being able to do business in India, such as having to process and distribute local fruits and vegetables, and having imposed limits on the sale of soft drink concentrate to local bottlers. Pepsi also struggled to fight off local competition, such as Pure Drinks' Campa Cola or Duke's Lemonade, upon entry. Despite this, Pepsi managed to hold a 26% market share in the cola segment. Coca-Cola entered the market years later, first having their proposed joint venture denied in 1990, and eventually joining in 1993. Once approved, local producers did not believe that Coca-Cola would take market share away, but were still intent on aligning with this powerhouse. Ultimately, Parle sold bottling plants and four major brands to Coca-Cola, giving them easier access to the Indian beverage market. All of this added up to give Coca-Cola the means to catch up to Pepsi in terms of where they stood in the beverage market at this time.

As both companies have long and diverse histories in many markets, they were keen to find the right pricing policies after some time in the Indian markets. On top of this, their promotional advertising efforts were focused on two key segments which proved beneficial for their long term success. Distribution was a bit more of a problem for the companies, as well as production capabilities because of heat from groups over ground-water usage. Coca-Cola used an “affordability plank” to enhance affordability of their products, and bring them within reach of the average consumer. In certain regions, Coca-Cola brought prices of soft drinks down by anywhere from 10-25%. These reductions were paired with 30-second spots featuring Fanta, aimed to capture consumer attention and make them take notice. Also in the realm of advertising, Coca-Cola took advantage of numerous athletes and celebrity actors to promote their products to younger generations. Using apirational idols, the reach of these brands was amplified to reach a larger number of consumers, especially given the scenarios in which the promotional spots were aired.

Both companies were able to take advantage of global localization, or “glocalization” in their company models. Summer campaigns featuring 7UP by Pepsi coincided with the India-Zimbabwe one-day cricket series. Given how prominent cricket is nationally this was an excellent move on Pepsi’s part, as the amount of viewers tuning in to watch would be similar to those of other major world sporting events. This was paired with using celebrity actors of Bollywood fame to increase desirability for the product. Coca-Cola focused their efforts instead on connecting to the youth market through local idioms. Famous music director A. R. Rahman was enlisted to create ads such as “Bombay Dreams” and “Chennai Dreams,” to successfully target younger audiences. These advertisements were so successful they even won awards from the Mumbai Advertising Club.

I think Coke had the right idea of taking on the issues of groundwater usage head on instead of running away from India. By choosing to stay and help fix the problem for the local population, they show that they are committed to the people and truly want to serve as a force for good. Pepsi can follow suit, and attempt to use their vast resources to find a solution for local communities and fix the groundwater and contamination issues. Activist groups like the one in California can be effective when done in the right manner. If the group is seeking to help someone other than themselves on a small scale, I believe they are more likely to succeed. Calling for mass changes to an international company will not bode well, and those sorts of changes will be harder to enact. However, if the change is on a smaller scale then the company will have an easier time adjusting and therefore listen to the desires of these activist groups.

I believe that because of their experience in other markets, and just general company courses of action, Coke has a better-long term prospect for success in India. Especially when factoring in their advertisements focused on building an emotional connection to consumers.

The biggest lesson that each company can learn from their experiences in India would be to research the political landscape of the country before attempting to conduct business there. Research into their foreign policies may indicate some red flags in how their government and citizens will react to foreign companies and products. Doing this could have saved them time, money, and brand image in India.

I think moving to the bottled water market was a smart decision for these two companies. It diversifies their product portfolio, but keeps them within the beverage market where they want to maintain market share. Water is also a universal good, and given the accusations against them with groundwater usage, moving into bottled water may help their image.

Targeting alternative distribution channels may prove longer term benefits, but short term will cause more barriers to entry in the market. Naturally these channels will have less purchasing potential, and fewer opportunities for consumer to purchase, giving less profit potential than if they were sold in supermarkets. Given that Coke doesn’t have a long history in energy drinks, this may prove beneficial as a smaller test market to perfect their product before attempting to take it more mainstream and sell it in markets alongside larger competitors like Red Bull and Sobe.